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ACCOUNTS AND PAPERS;

FORTY-FOUR VOLUMES.

—(42.)—

STATE PAPERS—*continued.*

EGYPT; GREECE; HAYTI; HONDURAS;
ITALY; JAPAN; PERU; PORTUGAL.

Session

8 *February* —— 15 *August* 1876.

VOL. LXXXIII.

1876.

ACCOUNTS AND PAPERS:

1876.

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EGYPT. No. 8 (1876).

CORRESPONDENCE

RESPECTING THE

FINANCES OF EGYPT.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1484.] *Price* 1½*d.*

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Correspondence respecting the Finances of Egypt.

No. 1.

Lord Lyons to the Earl of Derby.—(Received February 15.)

(Extract.) *Paris, February 14, 1876.*

THE Duc Decazes having asked me to call upon him this morning, observed to me, on my presenting myself, that he was extremely desirous of saying a few words to me on the financial affairs of Egypt.

Politically as well as financially, the only remedy for the evils of the present condition of the Egyptian finances, and the only means of guarding against the imminent peril in which the very large interests of the French and English creditors were placed, would, the Duc Decazes thought, be found in a close understanding between the English and French Governments, and a determination, on their part, to take the matter resolutely in hand.

The political advantages of concert in Egypt, instead of rivalry, between France and England were, the Duc Decazes said, undeniable on general grounds. Such a concert was also, he thought, indispensable to the satisfactory working of the details of financial measures in that country.

The Duke went on to say that he was not wedded to any special plan with regard to the financial measures to be pressed upon the Egyptian Government. He rather hesitated to mention the name of Tunis, but it was impossible, while reflecting upon the Egyptian finances, not to be struck with the great success which had attended the establishment of a Joint Commission, under the auspices of France, England, and Italy, in the Regency. The circumstances were very similar, and the state of the finances, and the prospects of the creditors, had been even worse in Tunis before the establishment of the Commission than they were now in Egypt. The Duke did not, however, wish at this moment to make detailed suggestions. He believed that almost all the Egyptian stock was held either in France or in England, but he should not object to admitting Italy into the affair if that should seem advisable. He did, however, think that it was most desirable for the interests of the British and French creditors, and no less so for the interest of the Khedive himself, that some sort of controlling Commission should be established, and that this Commission should possess an independence, which could be secured only by its having an avowed right to the support of the English and French Governments.

The Duke concluded by begging me to make your Lordship acquainted as soon as possible with his earnest desire to act in concert with Her Majesty's Government on the Egyptian financial question.

No. 2.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, February 19, 1876.*

HER Majesty's Government have had under their consideration your Excellency's despatch of the 14th instant, reporting the remarks addressed to you by the Duc Decazes on the state of financial matters in Egypt, and the suggestion that he offered for the establishment of an International Commission, similar to that constituted in Tunis, having an avowed right to the support of the English and French, and it might be also of the Italian, Government.

I have to state to your Excellency, in reply, that Her Majesty's Government entirely reciprocate the desire of the Duc Decazes for the most friendly relations between the two Governments in regard to Egyptian financial affairs. They join with him in deprecating any idea of international rivalry in such a matter, at the same time they do not see that this rivalry, of which Her Majesty's Government had never entertained a notion, would be obviated even in appearance by an attempt to place the revenues of Egypt under an International Commission.

They have no reason to suppose that the Khedive desires the establishment of any system of control over his finances by foreign Governments. On the contrary, he has limited the request for assistance in financial administration which he addressed to Her Majesty's Government, as will be seen by the correspondence recently presented to Parliament, to the recommendation of a competent official for the reorganization of the Egyptian Treasury. Her Majesty's Government, moreover, especially instructed General Stanton to explain to the Khedive that Mr. Cave's mission, which arose out of this request, must not be taken to imply any desire to interfere in the internal affairs of Egypt, and the attention of Her Majesty's Ambassador at Constantinople was pointedly called to this passage in the instructions.

Her Majesty's Government see no good reason for departing from the policy thus indicated. It appears to them that it would be both inexpedient and inopportune for the Governments of Great Britain and France to interpose with fresh proposals at the very time when Mr. Rivers Wilson, the gentleman recommended to the Khedive for the reorganization of his financial administration, is on the eve of departing for Egypt, and, therefore, while cordially appreciating the motives which have led the Duc Decazes to offer the concert of the French Government, they feel that they are unable to join in any such measures for an international control over Egyptian finances as he contemplates.

Your Excellency will take an opportunity of conveying these views of Her Majesty's Government to the Duc Decazes in courteous terms.

I am, &c.
(Signed) DERBY.

No. 3.

Lord Lyons to the Earl of Derby.—(Received February 24.)

My Lord, *Paris, February 23, 1876.*

I HAD on the 20th instant the honour to receive your Lordship's despatch of the day before, conveying the answer of Her Majesty's Government to the suggestion made by the Duc Decazes with respect to the establishment of a control by France and England over the finances of Egypt.

I went immediately to the Duc Decazes' office for the purpose of communicating to him the views of Her Majesty's Government on the subject, but found that he had left Paris for the Department of the Aveyron, in which he was a candidate for a seat in the Chamber of Deputies.

The Duke came, however, to see me this afternoon, and said that he was particularly anxious to learn the answer of Her Majesty's Government to his suggestions, as he was to receive an hour later a deputation from the capitalists connected with M. Pastré's scheme.

I made his Excellency acquainted with the contents of your Lordship's despatch, and he said that under the circumstances he could hardly speak to the deputation which was coming to him in any very definite terms.

He might, perhaps, observe to them that the question might be looked at from two different points of view. Speaking to them as Minister for Foreign Affairs, he might remind them that the principle of the French Government was that Frenchmen embarking their capital in foreign countries did so at their own risk, and were not entitled to demand the official assistance of their own Government in enforcing their claims upon foreign States to which they had made loans. He might add that this being the case it was certainly not the part of the Minister for Foreign Affairs to undertake, for the Government, the responsibility of recommending any particular investment.

Looking at the question from the other point of view, he might say that even if he were disposed to give any advice as a private person on the present occasion, it would be impossible for him to find time to examine all the circumstances, or even to study with minute attention the contract which had been made with the Khedive. In fact, the best practical advice he could give the gentlemen who were coming to him was, the Duke said, to

endeavour to secure every possible guarantee from Egypt if the affair went on, and as a first step at the present moment to go to London, and consult the English capitalists. The Duke added that he should particularly impress upon the deputation the importance of making the whole affair a joint undertaking, neither exclusively French nor exclusively English.

The Duke observed to me that the most important feature of the scheme seemed to him to be the proposed Bank, which was not merely to have the produce of certain branches of the Egyptian revenue paid into it, but was to administer those branches itself, and collect the proceeds by its own officers: in short, to farm them and keep the sums they produced in its own hands in order to provide for the interest on the new loans.

I have, &c.
(Signed) LYONS.

No. 4.

Major-General Stanton to the Earl of Derby.—(*Received February* 27.)

My Lord, *Cairo, February* 19, 1876.

I HAVE the honour to forward herewith to your Lordship a copy of the contract which has been signed with the managers of the Anglo-Egyptian Bank in Cairo for the constitution of a National Bank in this country, with the object of effecting the conversion and gradual payment of the floating debt, the amount of which is set down at 18,000,000*l.* sterling.

The capital of the Bank, which is to have the privilege for thirty years, is fixed at 4,000,000*l.* sterling, and all the revenues of the country are to be encashed by it, the Bank being also charged with the payments of the coupons of the several loans, the interest due on the Suez Canal shares purchased by Her Majesty's Government, the tribute to the Porte, and the expenses detailed in the Budget.

Certain items of revenue are specially allotted to the floating debt, for which the Bank is to be permitted to issue obligations, bearing an interest of 9 per cent. per annum, and these obligations are to be paid off in ten years by half-yearly drawings.

A commission of $\frac{1}{2}$ per cent. is allowed to the Bank on all moneys received, and payments made, on behalf of the Government, and a further commission of $\frac{1}{2}$ per cent. is allowed on all purchases or sales made on Government account.

The Bank will be allowed to issue bank notes to the value of 500,000*l.*, but these notes are not to be considered as a legal tender, and the public cannot be forced to accept them; they will, however, be received as such in the State Treasury, and by the collectors of the taxes, and the Bank will be bound to have a reserve of specie equal to half the amount of notes in circulation.

The Government is to be allowed a current account with the Bank, with the power of anticipation of its revenues to the amount of 2,000,000*l.*, for which no higher rate of interest than 7 per cent. is to be charged.

The Egyptian Government is prohibited from issuing Treasury Bonds or incurring any new debt until the entire amortization of the obligations issued by the Bank.

The organization and administration of the Bank are to be regulated by statutes having the force of law, and framed in accordance with those existing in Europe for State banks.

The Anglo-Egyptian Banking Company is allowed by the Egyptian Government till the 15th March to carry out this contract.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 4.

Contract for the Constitution of a National Bank in Egypt.

Bases principales pour la constitution d'une Banque Nationale dont les Statuts seront approuvés par le Gouvernement Egyptien et contiendront sa mode d'administration et de fonctionnement, et dans laquelle se fondrait l'Anglo-Egyptian Banking Company (Limited), sauf approbation de ses Actionnaires.

Article 1. LE capital de la Banque sera de 4,000,000*l.* divisé en 100,000 actions de 40*l.* chacune.

Art. 2. Cette Banque encaissera tous les revenus du Gouvernement Egyptien,

s'élevant, d'après le budget de l'année passée, à livres 10,500,000 Egyptiennes. Les fonds provenant de la perception de ces revenus seront versés dans les caisses de la Banque, à titre de dépôt, et pour compte des créanciers des Emprunts Egyptiens, des nouvelles obligations et des dépenses du Gouvernement.

Art. 3. Cette Banque sera également chargée d'effectuer tous les paiements du Gouvernement, soit: Emprunts 1862, 1864, 1866, 1867, 1868 et 1873, plus le montant des nouvelles obligations, les paiements des intérêts des actions du Canal de Suez au Gouvernement Anglais, le tribut de Constantinople et les dépenses budgétaires, sans toutefois être dans l'obligation de faire des paiements dépassant les sommes encaissées.

Art. 4. La Banque aura son siége principal au Caire ; elle pourra établir, au fur et à mesure qu'elle le jugera convenable, des succursales ou des comptoirs responsables soit dans les villes soit dans d'autres points du territoire Egyptien.

Art. 5. La Banque est chargée de payer la dette flottante du Gouvernement Egyptien s'élevant à 14,000,000 de livres Egyptiennes en Bons du Trésor, échéant de Février à Décembre 1876, plus 4,000,000 livres Egyptiennes, montant des sommes dues au Gouvernement par les villages pour avances qui leur ont été faites, et pour lesquelles le Gouvernement a pris en gage, comme garantie, 400,000 feddans de terre ; par conséquent, le total de la dette flottante s'élève à livres 18,000,000 Egyptiennes.

Art. 6. Pour payer les dettes flottantes ci-dessus indiquées à leurs échéances respectives la Banque est autorisée à émettre des obligations pour pareille somme, portant un intérêt de 9 pour cent l'an, et remboursables en capital et intérêt en dix ans par des tirages semestriels et des coupons semestriels, conformément au tableau ci-joint.

Ces obligations seront signées par un délégué du Gouvernement Egyptien et garanties par les ressources ci-après indiquées savoir :—

	£
1. Les revenus de tous les octrois de l'Egypte s'élevant par an à	1,150,000
2. Les droits de tous les tabacs..	250,000
3. Les Ports d'Alexandrie et de Suez, leurs revenus	200,000
4. Les revenus des chemins-de-fer de la Haute Egypte	200,000
5. Les remboursements par les villageois à raison d'une livre Egyptienne et demie par feddan sur les 400,000 feddans soit	600,000

Tous ces revenus seront déposés, au fur et à mesure de leurs rentrées, dans une caisse spéciale de la Banque portant pour titre "Service des Paiements des Intérêts et Capital des Obligations."

Si pendant les dix années de l'amortissement des obligations le Gouvernement croyait devoir, dans l'intérêt public apporter des modifications aux impôts indiqués sous les 1, 2, et 3 du présent Article, on tiendra compte de l'effet de ces modifications, afin que le total des revenus affectés au service du paiement des intérêts et du capital des obligations reste toujours le même.

Art. 7. Dans le cas ou les revenus indiqués à l'Article 6 ne seraient pas suffisants pour le service des paiements des obligations en capital et intérêts, la Banque est autorisée à combler le déficit en puisant sur les encaissements généraux des revenus du Gouvernement ; mais en avisant préalablement le Ministre des Finances.

Art. 8. Le Gouvernement Egyptien alloue à la Banque une commission de $\frac{1}{2}$ pour cent sur tous les revenus encaissés, ainsi que sur tous les paiements faits pour compte du Gouvernement.

Art. 9. Un courtage de $\frac{1}{2}$ pour cent sera alloué à la Banque par le Gouvernement sur tous les achats et ventes qui s'effectuent aux enchères pour les besoins du Gouvernement, suivant les formalités indiquées par les lois et règlements.

Art. 10. Le Gouvernement Egyptien accorde le droit à la Banque d'émettre des billets de Banque pour une somme de 500,000 livres Egyptiennes, mais elle ne pourra jamais élever ce chiffre sans une autorisation spéciale du Gouvernement.

Dans les statuts de la Banque seront indiquées les opérations qu'elle pourra faire; en tous cas il lui sera interdit d'employer son capital en affaires immobilières, ou de l'engager en affaires industrielles ou de faire des opérations à découvert ; on y indiquera aussi le prélèvement à faire sur les bénéfices pour former un fonds de réserve égal, pour le moins, au quart du capital.

Le chiffre de la circulation ne pourra jamais dépasser le montant du capital de la Banque.

Dans la somme de la circulation sont compris les billets de Banque et toute autre obligation ou effet payable à vue, ou sur la simple demande du créancier.

Les billets de Banque ne sont pas considérés comme monnaie légale et ne peuvent jamais être imposés au public, ni par la Banque, ni par le Gouvernement ; restant bien entendu qu'ils devront toujours être reçus dans les caisses de l'Etat et par les percepteurs de l'impôt.

La Banque doit toujours avoir une réserve métallique égale à la moitié de la circulation. L'autre moitié doit être représentée par des effets à courte échéance.

Art. 11. La Banque jouira d'une privilége de trente ans.

Art. 12. Pour le service de la trésorerie, il sera fait d'accord entre le Gouvernement et la Banque un règlement dans lequel il sera établi que le Gouvernement aura à la Banque un compte courant, avec droit de faire anticiper sur les recettes de l'année, jusqu'à concurrence de 2,000,000 de livres Egyptiennes moyennant un intérêt qui ne pourra pas dépasser 7 pour cent et sans autre commission que celle spécifiée à l'Article 8. A la fin de chaque exercice le solde de ce compte courant sera réporté à l'exercice suivant aux conditions ci-dessus indiquées.

Art. 13. Le Gouvernement Egyptien de son côté ne pourra pas émettre des bons ou créer, de quelque manière que ce soit, aucune nouvelle dette, jusqu'au complet amortissement des obligations émises conformément à l'Article 6.

Art. 14. L'Anglo-Egyptian Banking Company (limited) est, dès aujourd'hui, le fondé de pouvoirs du Gouvernement Egyptien pour tout le projet ci-dessus et ci-après indiqué. Elle a le droit, en premier lieu, de se transformer en société anonyme sous le titre de Banque Nationale, conformément au présent projet, en portant son capital à 4,000,000 de livres sterlings, sauf approbation de ses actionnaires, au moyen de 1,600,000 de livres sterlings, son capital, et de 2,400,000 livres sterlings de nouvelles émissions d'actions, qui seront réparties comme suit :—

1. 800,000 livres aux actionnaires de l'Anglo-Egyptian Banking Company (limited).

2. 1,600,000 livres à la disposition des porteurs de bons Egyptiens qui s'engageront à échanger leurs bons contre les obligations indiquées à l'Article 6. Cette répartition sera faite à raison de dix pour cent de la valeur des bons échangés. Les actions ne seront pas divisibles. Cette faculté pour les porteurs de bons est limitée à un mois après la constitution définitive de la Banque.

Dans le cas où ces 1,600,000*l.* ne seraient pas intégralement souscrites, par les porteurs de bons, la partie disponible serait réservée à la souscription publique et le bénéfice en serait acquis à la Banque Nationale.

L'Anglo-Egyptian Banking Company (limited) est autorisée par le Gouvernement Egyptien pour tout ce qui est indiqué dans le présent projet jusqu'au 15 Mars 1876.

L'Anglo-Egyptian Banking Company (limited) accepte d'être le fondé de pouvoirs du Gouvernement Egyptien pour l'exécution du présent projet.

L'Anglo-Egyptian Banking Company (limited) accepte dès aujourd'hui d'entrer dans l'opération indiqué à l'Article 6, pour le montant de son capital.

Art. 15. L'organisation, l'administration et la surveillance de la Banque, aussi bien que la part que le Gouvernement devra y prendre, seront fixées par les statuts approuvés par Décret de Son Altesse le Khédive, qui aura force de loi ; elles seront établis à l'instar de ce qui existe en Europe soit pour les Banques d'Etat, soit pour les Banques Nationales qui font le service de trésorerie ou de caisse pour compte de l'Etat, et spécialement pour la Banque Nationale de Belgique.

Art. 16. La Banque paiera annuellement au Gouvernement Egyptien une somme de 200,000 fr. pour la part que le Gouvernement devra prendre dans l'administration de la Banque.

Art. 17. Le Gouvernement Egyptien pourra retirer à la Banque le service de trésorerie, après les dix ans de l'amortissement des obligations dans le cas de la perte du tiers du capital de la Banque.

Dans aucun cas les créanciers de la Banque ne pourront exercer aucune action pour paiement ou garantie de leurs créances sur les fonds appartenant à l'Etat.

Art. 18. Cinq ans après l'amortissement complet des obligations émises en vertu de l'Article 6 le Gouvernement se réserve le droit de réviser le règlement du service de la trésorerie.

A la même époque, les statuts pourront être modifiés, d'accord entre le Gouvernemen et la Banque.

Fait en double au Caire le 12 Février, 1876.

Approuvé l'écriture ci-dessus.

Le Ministre des Finances Egyptiens,
(L.S.) ISMAIL PACHA SEDDIK.

Approuvé l'écriture ci-dessus.

Les Directeurs de l'Anglo-Egyptian Banking Company Limited.
(Signé) G. SINADENO.
J. PASTRE.

(Translation.)

CHIEF Bases for the constitution of a National Bank, the Statutes of which shall be approved by the Egyptian Government, and shall contain its mode of administration and operation, and in which Bank the Anglo-Egyptian Banking Company (Limited) shall be merged, always reserving the approval of its shareholders.

Article 1. The capital of the Bank shall consist of 4,000,000*l.*, divided into 100,000 shares of 40*l.* each.

Art. 2. This Bank shall encash all the revenues of the Egyptian Government, which, according to the Budget of last year, amount to 10,500,000 Egyptian pounds. The funds derived from the collection of these revenues shall be paid into the "caisses" of the Bank, as a deposit, and to the account of the Egyptian Loans, of the new obligations, and of the Government expenses.

Art. 3. This Bank shall moreover be commissioned to effect all the payments of the Government, *i.e.*, Loans of 1862, 1864, 1866, 1867, 1868, and 1873, and besides the amount of the new obligations, the payment to the British Government of the interest on the Suez Canal shares, the Constantinople tribute, and the expenses of the Budget, without, however, being held to make payments in excess of the sums encashed.

Art. 4. The head-quarters of the Bank shall be at Cairo; but branches or responsible counting-houses may be established in the towns or on other points of Egyptian territory whenever it may be thought advisable to do so.

Art. 5. The Bank is charged with the payment of the floating debt of the Egyptian Government, which amounts to 14,000,000 Egyptian pounds in Treasury Bonds, and is due from February to December, 1876, plus 4,000,000 Egyptian pounds, the amount of the sums due to the Government by villages for advances which have been made to them, and for which the Government has taken in pledge 400,000 feddans of lands as a security; consequently the total of the floating Debt amounts to 18,000,000 Egyptian pounds.

Art. 6. In order to pay the floating debts above enumerated as they respectively fall due, the Bank is authorized to issue Bonds for an equal amount, which bonds shall bear interest at 9 per cent. per annum, and shall be redeemable in capital and interest in ten years by means of half-yearly drawings and half-yearly coupons, in conformity with the annexed table:—

These bonds shall be signed by a delegate of the Egyptian Government, and shall be guaranteed by the revenues enumerated below, *i.e.*:—

	£
1. The revenues of all Egyptian octrois, amounting, per annum, to	1,150,000
2. All the tobacco duties	250,000
3. The revenues of the Ports of Alexandria and Suez	200,000
4. The revenues of the railways of Upper Egypt	200,000
5. The repayments by the villagers, at the rate of 1½ Egyptian pound per feddan, upon the 400,000 feddans, say	600,000

All these revenues shall be deposited, as they come in, in a special caisse of the Bank, which shall be called "Service of the Payments on account of the Interest and Capital of the Bonds."

If, during the ten years fixed for the redemption of the Bonds, the Government should think it necessary in the public interest to alter the taxes enumerated under Nos. 1, 2, and 3 of this Article, the effect of such alterations must be taken into consideration, in order that the sum total of the revenues assigned to the service of the payment of the interest and capital of the Bonds may remain always the same.

Art. 7. In case that the revenues enumerated in Article 6 should not suffice for the payment of the capital and interest of the Bonds, the Bank is authorized to make good the deficit by drawing on the general encashments of Government revenues; but the Finance Minister should previously be advised thereof.

Art. 8. The Egyptian Government grants to the Bank a commission of ½ per cent. on all encashed revenues, as well as on all payments made on behalf of the Government.

Art. 9. A brokerage of ½ per cent. will be allowed to the Bank by the Government on all purchases or sales by auction on Government account, in accordance with the formalities laid down by the laws and regulations.

Art. 10. The Egyptian Government grants to the Bank the right of issuing bank-notes to the amount of 500,000 Egyptian pounds, but this amount must never be exceeded without a special authorization from the Government.

The nature of the business which the Bank may embark in will be laid down in the

Statutes; in any case it will be forbidden to embark the capital in real property, in industrial undertakings, or in operations of advance ("à découvert"); it shall also be laid down in the Statutes what deduction shall be made from the profits in order to form a reserve fund equal at the very least to a quarter of the capital.

The sum total in circulation must never exceed the amount of the Bank's capital.

In the amount in circulation are comprised the bank notes, and all other bonds or stocks payable at sight or to the order of the creditor.

The bank notes are not looked upon as legal tender, and cannot be forced upon the public either by the Bank or by the Government; but it remains well understood that they are always to be received at Government Offices and by the tax collectors.

The Bank must always have a reserve in coin equal to half the amount in circulation. The other half is to be represented by short dated bills.

Art. 11. The Bank shall be privileged for thirty years.

Art. 12. For the service of the Treasury, the Government and the Bank shall agree upon regulations by which it shall be laid down that the Government shall have at the Bank a running account, with the right of anticipating upon the receipts of the year to the extent of 2,000,000 Egyptian pounds in consideration of a rate of interest which must never exceed 7 per cent., and without any other commission than that specified in Article 8.

At the end of each financial year the balance of this running account shall be carried over to the next financial year on the conditions enumerated below.

Art. 13. The Egyptian Government, on its side, can issue no bonds, nor contract in any way whatsoever any new debt, until the complete redemption of the bonds issued in conformity with Article 6.

Art. 14. The Anglo-Egyptian Banking Company (Limited) is, from to-day, the representative of the Egyptian Government for the whole of the project as hitherto, and hereafter to be detailed. It is authorized, in the first instance, and in conformity with the present project, to transform itself into a Joint Stock Company, under the name of the National Bank, and to raise its capital to 4,000,000*l.* sterling (reserving always the sanction of its bondholders) by means of the 1,600,000*l.* which represent its capital, and a new issue of stock to the amount of 2,400,000*l.*, which shall be distributed as follows:—

1. 800,000*l.* to the shareholders of the Anglo-Egyptian Banking Company (Limited).

2. 1,600,000*l.* at the disposal of the holders of Egyptian bonds, who shall undertake to exchange their bonds for those referred to in Article 6.

This redistribution shall be made at the rate of 10 per cent. on the value of the exchanged bonds. The stock cannot be divided. This power (of exchange) is reserved to bondholders for a period of one month only after the definitive establishment of the Bank.

In case that these 1,600,000*l.* are not integrally subscribed by the holders of bonds, the amount to be disposed of shall be reserved for public subscription, and the profits thereof shall go to the National Bank.

The Anglo-Egyptian Banking Company (Limited) is authorised by the Egyptian Government to carry out all that is laid down in the present project, up to the 15th March, 1876.

The Anglo-Egyptian Banking Company (Limited) agrees to be the representative of the Egyptian Government for the execution of the present project.

The Anglo-Egyptian Banking Company (Limited) agrees from to-day to commence the operation stipulated in Article 6 for the amount of its capital.

Art. 15. The organization, administration, and control of the Bank, as well as the part which the Government is to take in it, shall be laid down by statutes, which are to be approved by a Decree of His Highness the Khedive, and shall thereby become law; they shall be drawn up on the model of what prevails in Europe, either for State Banks or for National Banks who carry on the service of the Treasury or Caisse on behalf of the State, and especially of the National Bank of Belgium.

Art. 16. The Bank shall pay annually to the Egyptian Government a sum of 200,000 fr. for the part which the Government is to take in the administration of the Bank.

Art. 17. The Egyptian Government may take from the Bank the Treasury service, after the ten years for the redemption of the Bonds have elapsed, should they have lost a quarter of their capital.

In no case can the creditors of the Bank attach the State Funds in payment of, or as security for, what is owing to them.

Art. 18. Five years after the complete redemption of the Bonds issued in virtue of Art. 6, the Government reserves to itself the right of revising the regulations for the service of the Treasury.

At the same time the Statutes may be modified by agreement between the Government and the Bank.

Executed in duplicate at Cairo, February 12, 1876.

Above approved.

The Minister of Egyptian Finance.
(L.S.) ISMAIL PASHA SEDDIK.

Above approved.

The Directors of the Anglo-Egyptian Banking Company, Limited.
(Signé) G. SINADENO.
J. PASTRE.

No. 5.

*Major-General Stanton to the Earl of Derby.**

My Lord, *Cairo, March* 1, 1876.

WITH reference to my despatch of the 19th ultimo, it is considered necessary that one of the Commissioners to be appointed by the Egyptian Government to the National Bank should be an Englishman, and I am requested by the Viceroy to beg your Lordship to select a gentleman for the post in question, the Egyptian Government undertaking to abide by the selection which may be made.

I am informed that the French and Italian Governments have been similarly asked to name each a Commissioner, and that they have signified their readiness to comply with His Highness' request.

The duties of the Commissioners will be to superintend all the operations of the Bank, and to oppose all measures which may be contrary to the contract, to the laws, or to the statutes about to be framed.

The Viceroy trusts that your Lordship will kindly assist his Government in this matter, as the nomination of an English Commissioner is essential to the success of the negotiations for the creation of the National Bank, and His Highness begs that he may be favoured with a reply by telegraph, as the question is urgent.

I have, &c.
(Signed) EDWD. STANTON.

No. 6.

*Major-General Stanton to the Earl of Derby.**—(*Received March* 3.)

My Lord, *Cairo, February* 26, 1876.

WITH reference to my despatch of the 19th instant, forwarding for your Lordship's information a copy of the Contract signed by the Egyptian Government for the establishment of a National Bank in Egypt, I have now the honour to forward to your Lordship the copy of a letter which I have this day received from Chérif Pasha, begging me, as it is considered necessary that one of the Commissioners to be appointed by the Government of the Khedive to this institution should be an Englishman, to request your Lordship kindly to select a gentleman competent to perform the duties of such a post, the Egyptian Government undertaking to abide by the selection which may be made.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 6.

Chérif Pasha to Major-General Stanton.

M. l'Agent et Consul-Général, *Le Caire, le* 26 *Février*, 1876.

SUIVANT les bases adoptées relativement à la création d'une Banque Nationale en Egypte, dont j'ai eu l'honneur de vous transmettre une copie, le Gouvernement du Khédive s'est réservé la faculté d'avoir des Commissaires au sein de cette institution.

L'un de ces Commissaires devant être de nationalité Anglaise, je viens vous prier, M. l'Agent et Consul-Général, de vouloir bien écrire au Ministère des Affaires Etrangères de Sa Majesté Britannique que le Khédive serait très heureux que sa Seigneurie Lord

* Substance of this despatch was telegraphed.

Derby voulût bien se charger de faire chercher une personne apte a exercer ce poste de Commissaire ; le Gouvernement de Son Altesse s'en rapportant d'avance au choix qu'il ferait à cet égard.

Le Khédive espère, M. l'Agent et Consul-Général, que sa Seigneurie voudra bien à ce sujet prêter au Gouvernement du Khédive son appui bienveillant.

Permettez-moi, M. l'Agent et Consul-Général, de compter sur votre obligeant intermédiaire pour la transmission de cette demande, et je vous renouvelle, &c.,

Le Ministre des Affaires Etrangères,
(Signé) CHERIF.

(Translation.)

M. l'Agent et Consul-General, *Cairo, February* 26, 1876.

ACCORDING to the basis adopted with reference to the creation of a National Bank in Egypt, which basis I had the honour to send you a copy of, the Government of the Khedive has reserved to itself the right of having Commissioners attached to this institution.

As one of these Commissioners is to be an Englishman, I have to request you, M. l'Agent and Consul-General, to inform Her Britannic Majesty's Minister for Foreign Affairs that the Khedive would be very glad if Lord Derby would kindly undertake to select some person fit to fill this post of Commissioner, the Government of His Highness agreeing beforehand to the selection which may be made.

The Khedive hopes, M. l'Agent and Consul-General, that his Lordship will lend the Government of the Khedive his friendly support in this matter.

Allow me, sir, to rely upon your kind intervention for the transmission of this request, and I renew, &c.

The Minister for Foreign Affairs,
(Signé) CHERIF.

No. 7.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 3, 1876.

HER Majesty's Government do not clearly understand the Khedive's proposal.

They would wish to be informed whether it is intended that the duties of the Bank Commissioners should be confined to receiving and applying the revenues specifically allotted to the charge and the redemption of the debt? Or are the Commissioners to take part in the general commercial business of the Bank?

I am, &c.
(Signed) DERBY.

No. 8.

Major-General Stanton to the Earl of Derby.—(*Received March* 4, *at night.*)

(Telegraphic) *Cairo, March* 4, 1876, 4·30 P.M.

I HAVE communicated to Egyptian Government the questions specified in your Lordship's telegram of yesterday, and I have received reply to the following effect, which I am requested to communicate to your Lordship by telegraph, viz:

The Commissioners will be charged with the supervision of all the operations of the Bank, and are to oppose all measures which may be contrary to the statutes as well as to the contract and to the law. That is to say the supervision of all the operations of the Bank of whatever kind, such as service of the Treasury, reception of revenue destined for the Budget expenses, and more especially those affected to the payment of the interest and sinking fund of all the debts of the State, as well as the rigorous execution of these payments. They should naturally watch over all other commercial operations of the Bank, specified in the basis already adopted and in the statutes.

The Egyptian Government trusts these indications will be amply sufficient to enable your Lordship to accede to the request which has been made, as this alone is wanting to enable the contractors at Paris to conclude this financial matter, and the Viceroy would be very glad to receive your Lordship's reply as early as possible.

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* Substance of this despatch was telegraphed.

No. 9.

Sir A. Paget to the Earl of Derby.—(Received March 5.)

(Extract.) *Rome, March 1, 1876.*

CHEVALIER VISCONTI VENOSTA asked me this morning if I had heard anything from your Lordship relative to the application of the Khedive for the appointment by the Governments of England, France, and Italy of commissaries to superintend the due performance of the functions to be entrusted to the Egyptian National Bank, proposed to be created by the group of bankers who, under the title of an Anglo-Egyptian Bank, had agreed to advance a loan to His Highness for the consolidation of the floating debt and other financial purposes.

On my telling his Excellency that I was without information on this subject, he said that the application was already in the hands of the Italian Consul-General in Egypt, but that it had not as yet reached Rome. As soon as it did so he should wish to place himself in communication with Her Majesty's Government with a view of acting in concert with them and the French Governmeut upon this matter, but that he should be glad to be informed as soon as might be what was the general opinion of Her Majesty's Government respecting it.

The French Government, his Excellency proceeded to say, seemed to think that an essential condition to agreeing to the Khedive's request was that the powers and attributes of the commissaries should be very distinctly laid down, and such was also his own opinion. In order to make the service which was sought at the hands of the Powers principally interested in Egpytian credit really effective, it would be necessary, his Excellency continued, that the persons appointed by them for the proposed object should be entrusted with a really effective control over the transactions of the establishment with which they would be connected, that they should be empowered to see that the funds which passed through its hands were devoted to the regular payment of the interest of the loans, and other purposes for which they were intended, and that they should also be enabled to exercise some check over the expenditure of the country. If such arrangements as these could be made, the Italian Government, for their part, would be prepared to join with England and France in rendering the desired service to the Khedive.

No. 10.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March 6, 1876.*

HER Majesty's Government have received your despatch of the 26th ultimo, conveying the request of the Egyptian Government that a British Commissioner may be appointed to take part in the management of a National Bank in Egypt, and I have to instruct you to inform the Government of the Khedive that Her Majesty's Government cannot send a Commissioner to take part in the management of a bank.

If a workable plan for a Commission to receive the revenues and apply them to the payment of the Egyptian debt were proposed, Her Majesty's Government would give it their consideration.

I am, &c.
(Signed) DERBY.

No. 11.

The Earl of Derby to Lord Lyons.

(Extract.) *Foreign Office, March 6, 1876.*

I HAVE had some further communications with the French Ambassador on the subject of the proposed appointment of three Commissioners by the Governments of England, France, and Italy, to superintend the financial arrangements for dealing with the floating debt of Egypt.

M. d'Harcourt has informed me of the details of the Khedive's proposal, which are as follows:—

The Commissioners are to be appointed by the Khedive on the recommendation of

* Substance telegraphed.

the three Governments for a term of five years, and not to be subject to removal, except with the consent of the Governments who have selected them, or only in case of death or incapacity. They are to receive from the Khedive power to superintend the faithful execution of the contract entered into between the Egyptian Government and the Bank which is to be constituted, to see that the statutes of the Bank are observed, and to oppose any act in contravention of them. For this purpose they are to have full knowledge of all the operations of the Bank, which are to be subject to their examination and approval, and their concurrence is to be required for the execution and validity of any measures settled by the Council of the Bank.

They are every three months to address to the Governments by whom they are selected, a report on the operations of the Bank, and especially on those which relate to its character as a State Bank.

M. d'Harcourt begged to be made acquainted with the decision of Her Majesty's Government as soon as it was definitely settled. He said that the Khedive was anxious to receive an early answer. I understood from him further that the Italian Government were favourably disposed towards the proposal.

No. 12.

Major-General Stanton to the Earl of Derby.—(Received March 7.)

(Telegraphic.) *Cairo, March 7, 1876.*

I HAVE just received the following note from the Egyptian Minister of Foreign Affairs, with the request that I would forward it to your Lordship by telegraph, viz.:—

"Le Khédive est d'accord avec le Gouvernement de Sa Majesté que les personnes qui seront désignées par les trois Gouvernements à la nomination de Son Altesse pour remplir les fonctions de Commissaires près de la Banque ne prendront part ni à la direction de la Banque ni à ses opérations commerciales; leurs attributions seront strictement limitées à la surveillance de l'exacte rentrée des revenus affectés au paiement des intérêts et à l'amortissement des dettes de l'Etat ainsi qu'à la rigoureuse exécution de ces paiements. Le Khédive espère que le Gouvernement de Sa Majesté voudra bien répondre aussitôt que possible."

(Translation.)

"THE Khedive agrees with the Government of Her Majesty that the persons who shall be selected by the three Governments for nomination by His Highness to discharge the duties of Commissioners to the Bank shall take no part either in the direction of the Bank or in its commercial transactions: their attributions shall be strictly limited to the control of the exact receipt of the revenues assigned to the payment of the interest and sinking fund of the state debts, as well as to the rigorous execution of those payments. The Khedive hopes that Her Majesty's Government will return an answer as soon as possible."

No. 13.

Sir A. Paget to the Earl of Derby.—(Received March 8.)

My Lord, *Rome, March 5, 1876.*

I RECEIVED a note from M. Visconti Venosta last evening, requesting me to call upon him to-day, which I did at one o'clock.

His Excellency said that when we had spoken last Wednesday (the 1st) respecting the idea of nominating Commissioners to superintend the operations of the National Bank in Egypt, he was under the impression that the appointment was to be made (as proposed by the Contractors of the loan) directly by the Governments of England, France, and Italy He had, however, since received the reports of the Italian Consul-General in Egypt, from which it appeared that the Khedive had objected to the direct appointment of Commissioners by the three Governments as reflecting somewhat on his dignity and independence, objections which his Excellency considered well founded; but that His Highness was desirous that persons should be selected by the three Governments to fulfil the functions in question, and that the Khedive would then himself appoint them.

M. Visconti Venosta stated that this appeared to him a far preferable plan. It seemed, his Excellency said, that the Khedive was perfectly ready to introduce what for a long time had been the most urgent want in Egypt, viz., a really effective control over the

financial administration of the country, and to adopt regulations which should enable the Commissioners to exercise a real supervision over the operations of the Bank.

Under these circumstances, M. Visconti Venosta said, the Italian Government would be ready to accede to the Khedive's request. They believed that the nomination of a European Commission thus selected could not fail to inspire confidence amongst the creditors of the Egyptian Government, and would, therefore, be the best aid which could be given to the Khedive in carrying out his present plans for overcoming his financial difficulties.

The Governments in consenting to select the members of the Commission would, his Excellency added, be only following the course which had been adopted upon the introduction of the judicial reforms in Egypt.

M. Visconti Venosta concluded by begging me to communicate at once with your Lordship upon this subject, as he was most anxious to know the views of Her Majesty's Government, with whom it would be to him a great satisfaction to act on the present occasion.

I have, &c.
(Signed) A. PAGET.

No. 14.

Major-General Stanton to the Earl of Derby.—(Received March 13.)

My Lord, *Cairo, March 2, 1876.*

WITH reference to my immediately preceding despatch and telegram of the 1st instant on the subject of the nomination of an English Commissioner for the Egyptian National Bank, I have the honour to forward herewith to your Lordship a copy of the reply which has been made by the Khedive to an inquiry from the French Government as to the attributions to be assigned to the Commissioners in question by the Egyptian Government.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 14.

His Highness the Khedive to the French Government.

LE Khédive remercie le Gouvernement Français de l'empressement qu'il a mis à adhérer à la demande qui lui a été faite de désigner un Commissaire qui sera nommé par le Gouvernement Egyptien près la Banque Nationale.

Pour répondre au désir exprimé par le Gouvernement Français autant qu'il est possible de le faire dès à présent, Son Altesse s'empresse de faire savoir que les attributions de ces Commissaires seront de surveiller toutes les opérations de la banque et de s'opposer à toutes les mesures qui seront contraires aux statuts tels qu'ils seront ainsi qu'au contrat et aux lois.

De plus, Son Altesse ajoute qu'elle s'occupe en ce moment d'une organisation du Ministère des Finances, pour mieux assurer la rigoureuse régularité des entrées et des dépenses.

Les relations qui seront établis entre les Commissaires et les rouages de cette organisation rendront effectif et efficace le mandat de surveillance et de contrôle qui leur sera conféré par le Gouvernement Egyptien.

(Translation.)

THE Khedive thanks the French Government for the readiness with which they have complied with his request that they should select a Commissioner to be nominated by the Egyptian Government to the National Bank.

In order to comply as far as is possible at the present moment with the wish expressed by the French Government, His Highness hastens to make known that the duties of these Commissioners will be to superintend all the operations of the Bank and to oppose every measure contrary both to the statutes as finally arranged and to the contract and to the laws.

Moreover, His Highness adds that he is at the present moment engaged upon an

organization of the Ministry of Finance, in order the better to ensure a strict regularity of the receipts and expenditure.

The relations which will be established between the commissioners and the machinery of this organization will render the duties of superintendence and control, to be conferred upon them by the Egyptian Government, both real and efficient.

No. 15.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, March* 13, 1876.

IN an interview with the Marquis d'Harcourt on the 8th instant, respecting the proposed establishment of a National Bank in Egypt, his Excellency expressed, on the part of the French Government, the hope that, if Her Majesty's Government objected to the scheme which had been proposed to and accepted by that of France, they would suggest some other scheme by which the objects in question might be attained, as there was reason to fear that, unless immediate steps were taken to assist the Khedive, his pecuniary embarrassments would, in the course of the next few weeks, bring on a crisis which it might now be possible to avert.

I am, &c.
(Signed) DERBY.

No. 16.

Lord Lyons to the Earl of Derby.—(*Received March* 15.)

My Lord, *Paris, March* 12, 1876.

IN the course of a conversation which I had this afternoon with the Duc Decazes, he mentioned to me that the Khedive had addressed to the French Government a formal request that they would place at his disposal an official of rank in the French Finance Department to assist him in organizing the financial administration of Egypt.

The Duc Decazes added that the request had reached him only a few days before, and that he had referred it to the Minister of Finance.

I have, &c.
(Signed) LYONS.

No. 17.

Lord Lyons to the Earl of Derby.—(*Received March* 15.)

My Lord, *Paris, March* 14, 1876.

THE following announcement, dated yesterday, appears in some of the unofficial French newspapers this morning:—

"Son Altesse le Khédive ayant demandé au Gouvernement Français une personne compétente pour prendre part aux études et aux travaux relatifs à la réorganisation du Ministère des Finances en Egypte, le Ministre des Finances a mis à sa disposition M. Villet, ancien Inspecteur-Général des Finances, Directeur du Mouvement Général des Fonds, qui partira demain pour le Caire."*

I believe that this is the same M. Villet who, being at the time an Inspector-General of French Finances, was dispatched by the French Government to Tunis in 186[illegible], and placed at the head of the Executive section of the Financial Commission established by Great Britain, France, and Italy at that place.

I have, &c.
(Signed) LYONS.

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* His Highness the Khedive having requested the French Government to appoint a competent person to assist in the examination and work connected with the re-organization of the Egyptian Ministry of Finance, the Minister of Finance has placed at his disposal M. Villet, formerly Inspector-General of Finance, Director of the "Mouvement Général des Fonds," who will start to-morrow for Cairo.

No. 18.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 15, 1876.

I HAVE to instruct you to inform the Khedive that Her Majesty's Government have reason to know that proposals are under the consideration of certain English financiers, which may lead to a satisfactory settlement of his affairs.

You should urge His Highness to abstain from any hasty action, and at least to await the arrival in Egypt of Mr. Rivers Wilson.

I am, &c.
(Signed) DERBY.

No. 19.

Major-General Stanton to the Earl of Derby.—(Received March 16.)

(Telegraphic.) *Cairo, March* 16, 1876.

I HAVE communicated substance of your Lordship's telegram of the 15th to the Viceroy, who remarked that he would gladly consider proposals which Mr. Wilson might have to make, and adopt them if more advantageous to the country than those of the French group.

No. 20.

Major-General Stanton to the Earl of Derby.—(Received March 18.)

My Lord, *Cairo, March* 9, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch, of the 25th ultimo, transmitting, for my information, the copy of a despatch from Lord Lyons of the 23rd February, upon the subject of Egyptian finance, and reporting the observations which had been made to his Excellency by the Duc Decazes with reference to the negotiations now in progress with M. Pastré for the creation of a National Bank in Egypt, and the payment of the floating debt of this country.

Your Lordship is far better informed than I am as to the progress of these negotiations, but it is stated here in official circles that the only thing required to ensure the success of the scheme is the consent of Her Majesty's Government to nominate a Commissioner to be appointed by the Egyptian Government to the National Bank, for the supervision of the receipt and exact payment of the revenues allotted to the public debt; and my telegrams of the 4th and 7th instant will have shown your Lordship how anxious the Khedive is to obtain the assistance of Her Majesty's Government in this matter, no other practical arrangement being open to him for providing for the floating debt.

I have, &c.
(Signed) EDWD. STANTON.

No. 21.

Lord Lyons to the Earl of Derby.—(Received March 18.)

My Lord, *Versailles, March* 17, 1876.

I HAVE the honour to inclose herewith to your Lordship, extracted from the "Journal Officiel" of this day, a notice that by a Decree of the President of the Republic, M. François Xavier Victor Edmond Villet has been promoted from the post of "Directeur de la Dette Inscrite" in the Department of Finance to that of "Directeur du Mouvement Général des Fonds."

This seems to be the same person who has been sent by the Government to Egypt.

I have, &c.
(Signed) LYONS.

Inclosure in No. 21.

Extract from the "Journal Officiel" of March 17, 1876.

Versailles, le 16 *Mars*, 1876.

PAR Décret du Président de la République, en date du 16 Mars, 1876, rendu sur la proposition du Ministre des Finances:

* Substance telegraphed.

M. Villet (François Xavier Victor Edmond), Directeur de la Dette Inscrite, a été appelé à la direction du Mouvement Général des Fonds, en remplacement de M. Dutilleul, nommé Député à l'Assemblée Nationale.

(Translation.)

BY a Decree of the President of the Republic, dated the 16th March, 1876, issued at the suggestion of the Minister of Finance:

M. Villet (Français Xavier Victor Edmond), Director of the "Dette Inscrite," has been appointed to the direction of the "Mouvement Général des Fonds," in place of M. Datilleul, elected Deputy to the National Assembly.

No. 22.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 20, 1876.

I HAVE to instruct you to inform the Viceroy that Mr. Cave's Report on Egyptian finance is now completed, and is in substance that which he has already communicated to His Highness.

You will add that Her Majesty's Government propose to lay the Report before Parliament at once.

Mr. Cave informs them that it contains nothing which His Highness expressed a wish might be considered confidential.

I am, &c.
(Signed) DERBY.

No. 23.

Major-General Stanton to the Earl of Derby.—(Received March 22.)

(Teiegraphic.) *Cairo, March* 22, 1876.

I HAVE communicated substance of your Lordship's telegram of the 20th to the Viceroy. His Highness strongly objects to Mr. Cave's Report being published at present. He said that the information given to Mr. Cave was confidential, and solely for the information of Her Majesty's Government. He considers that if not preceded either by an arrangement with English financiers, or by the nomination of an English Commissioner, any discussion on Egyptian finance must be seriously injurious to his interests, and would probably prevent a satisfactory solution of his difficulties which press most urgently.

He would not object to publication of Report subsequent to conclusion of an arrangement, or, if considered absolutely necessary by Her Majesty's Government, after the nomination of an English Commissioner; but he trusted Her Majesty's Government would not place him in such a false position as must ensue from the publication and discussion of his finances unconnected with any previous arrangement justifying such on the part of a foreign State.

No. 24.

Lord Lyons to the Earl of Derby.—(Received March 24.)

My Lord, *Paris, March* 23, 1876.

THE Duc Decazes told me last evening that he was still very uneasy about Egyptian financial matters. He was, he said, as desirous as ever of acting in concert with Her Majesty's Government on this question, but the information he had been able to obtain as to their views and intentions were so small, that he was left in great perplexity as to the course he should pursue.

The immediate question, he went on to say, was that of naming three members of a Commission to be established by the Khedive for the purpose of ensuring the punctual payment of the charges on the Egyptian debts. The Khedive asked the Governments of France, England, and Italy each to designate to him one member of this Commission. Italy was perfectly ready to comply with this request, and so was France, but the Duke hesitated to proceed to the actual nomination of the French Commissioner, because he

* Substance telegraphed.

was unwilling to have even the appearance of being in disaccord with Her Majesty's Government.

The Duke proceeded to discuss the principle and details of the proposed Commission. He was not, he told me, disposed to take any step which could lead to an interference with the independence of Egypt, nor did he think that it would be proper to enter into a Diplomatic Convention with the Khedive respecting His Highness' finances. He was not even willing that foreign Powers should assume the responsibility of appointing a Financial Commission themselves. All these difficulties were, however, he conceived, got over by the proposal of the Khedive that the same plan as had been adopted with regard to the new Tribunals should be followed; in short, that the members of the Commission should be presented to the Khedive by the three Powers, but actually appointed by His Highness.

As to the details of the Commission, the Duke thought that they had been put into a satisfactory form. He had been altogether opposed to the establishment of any connection between the foreign Commissioners and anything in the shape of a bank. It had then been suggested that an institution should be formed to be called a "Caisse d'Amortissement," which should be charged exclusively with receiving from the Egyptian Treasury the sums required for the charges on the Egyptian debt, and applying them to the payment of those charges. He had, however, objected to the term "Caisse d'Amortissement" as likely to cause misapprehension as to the functions of the Commission. The Khedive had consented to substitute the title "Commission de la Dette." His Highness had also consented to make in the original draft of the Decree appointing the Commission changes, which were calculated to increase its authority and to ensure the sums required being duly paid to it. The Commission was, moreover, to be placed under the guarantee and under the authority of the Mixed Tribunals.

A Commission so constituted would, the Duc Decazes said, stand in a better position than that which had worked so well in Tunis, and afford still greater security to the creditors of the Government.

The Duke proceeded to tell me that he had hitherto postponed the nomination of a Commissioner, in the hope that the French and English Governments might nominate Commissioners simultaneously. It would, however, be difficult for him to abstain from action much longer without bringing Egypt to actual bankruptcy. A considerable amount of Egyptian Treasury bonds had fallen due on the 20th of this month. A deputation from French capitalists interested in them had come to him, and represented to him that if he would appoint the French Commissioner at once they would renew the bonds; but that if he did not, they must simply let them be protested, which would be equivalent to declaring the Egyptian Treasury to be insolvent. These gentlemen had been very persistent, and had come to him more than once, and had indeed on one occasion waited for him till he came home at midnight, and stayed with him till 3 o'clock in the morning. He had at last succeeded in persuading them that it would not be for their interest either to let Egypt become bankrupt, or to force him to designate a Commissioner in such a way as to make it patent that there was a divergence of opinion between the French and English Governments.

The Duke went on to say that he had done this once, but that he could not do it often. The Egyptian Treasury bonds would be continually falling due, and very soon the only alternative left open to him would be—either to nominate a French Commissioner, or to let Egypt become bankrupt. He need hardly say that the interest of Frenchmen in the Egyptian loans was too considerable to allow the French Government to take the latter course.

The Duke added, that on political, no less than on financial grounds, he most earnestly deprecated any disagreement between France and England on Egyptian matters; and that he anxiously hoped that Her Majesty's Government would designate a Commissioner without delay, and would give him timely information of their intention, in order that the French and English Commissioners might be designated as nearly as possible simultaneously.

On my taking leave of him the Duke gave me the inclosed printed paper, containing in opposite columns the text originally proposed, and the amended text, of a Decree to be issued by the Khedive for the establishment of a Commission. He said that he presumed that this paper had been communicated to Her Majesty's Government as it had been to him, and I understood from him that the amended text had been adopted by the Khedive.

If your Lordship be, in fact, in possession of another copy of this document, I shall be much obliged if you will direct that which I inclose to be returned to me.

I have, &c.
(Signed) LYONS.

Inclosure in No. 24.

Décret pour l'Etablissement d'une Caisse d'Amortissement.

(Rédaction Ancienne).

ISMAIL, Khédive d'Egypte, etc., etc.

Avons décrété ce qui suit :

Article 1. Il est créé une Caisse spéciale pour le service régulier des intérêts de la Dette Générale Egyptienne, consolidée ou flottante, et pour l'amortissement de cette dette.

Art. 2. Cette Caisse prendra le litre de : Caisse d'Amortissement.

Art. 3. La Caisse d'Amortissement sera administrée par trois Commissaires spéciaux nommés par Son Altesse le Khédive, sur la présentation qui lui sera faite de chacun d'eux, par les Gouvernements Anglais, Français et Italien.

Ces Commissaires seront nommés pour cinq ans. Leurs fonctions pourront leur être continuées.

A l'expiration de ces cinq années, ou en cas de décès ou de démission de l'un d'eux, la nomination nouvelle sera faite par le Khédive, sur la présentation du Gouvernement à la nationalité duquel appartenait le Commissaire.

Ces Commissaires auront pour mission :

De recevoir et d'exiger, au besoin, le versement par la Trésorerie Générale des sommes nécessaires au service et a l'amortissement de la Dette Générale d'Egypte.

De veiller à ce que ces fonds reçoivent la destination prévue en l'Article 5.

Art. 4. La Caisse d'Amortissement recevra du Trésor Egyptien ou de la Trésorerie Générale chargée de recevoir les revenus d'Egypte, les sommes nécessaires pour faire face au service des intérêts de la Dette et à l'amortissement.

Art. 5. Ces sommes seront versées au crédit de chaque emprunt.

Les préposés du Trésor ou la Trésorerie Générale ne seront valablement déchargés que par la quittance donnée par la Caisse d'Amortissement.

Art. 6. Les fonds versés à la Caisse d'Amortissement seront affectés spécialement au service des Emprunts 1863, 1864, 1866, 1867, 1868, et 1873, au service des obligations nouvelles destinées à consolider la dette flottante ou aux bons émis en représentation de cette dette, au payement au Gouvernement Anglais de l'annuité représentant l'intérêt sur les actions du Canal de Suez et au payement du tribut de Constantinople.

Décret pour la Création d'une Commission de la Dette.

(Rédaction Nouvelle).

ISMAIL, Khédive d'Egypte, etc., etc.

Avons décrété ce qui suit :

Article 1. Il est créé une Commission spéciale pour le service régulier des intérêts de la Dette Générale Egyptienne, consolidée ou flottante, et pour l'amortissement de cette dette.

Art. 2. Cette Commission prendra le titre de : Commission de la Dette.

Art. 3. Cette Commission se compose de trois Commissaires spéciaux nommés par Son Altesse le Khédive, sur la présentation qui lui sera faite de chacun d'eux, par les Gouvernements Anglais, Français et Italien.

Ces Commissaires seront nommés pour cinq ans. Leurs fonctions pourront leur être continuées.

A l'expiration de ces cinq années, ou en cas de décès ou de démission de l'un d'eux, la nomination nouvelle sera faite par le Khédive, sur la présentation du Gouvernement à la nationalité duquel appartenait le Commissaire.

Ces Commissaires auront pour mission :

De recevoir et d'exiger, au besoin, le versement par la Trésorerie Générale des sommes nécessaires au service et à l'amortissement de la Dette Générale d'Egypte ;

De veiller à ce que ces fonds reçoivent la destination prévue en l'Article 6.

Art. 4. La Commission recevra du Trésor Egyptien ou de la Trésorerie Générale chargée de recevoir les revenus d'Egypte, les sommes nécessaires pour faire face au service des intérêts de la Dette et à l'amortissement.

Art. 5. Les préposés du Trésor ou la Trésorerie Générale ne seront valablement déchargés que par la quittance donnée par les Commissaires.

Le percepteur officiel des revenus affectés au service de la dette sera sous le contrôle des Commissaires, et devra payer directement à la Commission qui, seule, pourra leur donner décharge légale.

Art. 6. Les fonds versés à la Commission seront affectés spécialement au service des Emprunts 1863, 1864, 1866, 1867, 1868, et 1873, au service des obligations nouvelles destinées à consolider la dette flottante, ou aux bons émis en représentation de cette dette au payement au Gouvernement Anglais de l'annuité représentant l'intérêt sur les actions du Canal de Suez et au payement du Tribut de Constantinople.

(Rédaction Ancienne).

Ces fonds ne pourront recevoir d'autre destination que celle ci-dessus désignée, c'est-à-dire ne pourront être employés qu'au payement de la dette.

Art. 7. La Caisse d'Amortissement ne peut faire aucune opération commerciale ou industrielle.

Elle ne peut recevoir aucun dépôt ni consignation de quelque espèce que ce soit.

Art. 8. Les pertes résultant du change, les frais d'assurance et de transport d'espèces à l'étranger, les commissions à payer pour le payement des coupons, seront supportés par le Gouvernement Egyptien.

Art. 9. Chaque année, dans le courant du mois de Janvier, la Caisse d'Amortissement dresse le compte de sa gestion, en ce qui concerne les recettes et les payements qu'elle a opérés pour compte du Gouvernement pendant l'année précédente.

La forme des tableaux, états et relevés de ces comptes, sera arrêtée de concert entre le Ministre des Finances et les Commissaires.

Le solde débiteur ou créditeur des comptes est versé au Trésor ou payé par lui, dans le mois qui suit la remise des comptes.

Art. 10. Il ne pourra, dans aucun cas, ni sous aucun prétexte, être porté atteinte aux attributions de la Caisse d'Amortissement.

Cet établissement est placé de la manière la plus spéciale sous la garantie de l'autorité des Tribunaux Mixtes institués en Egypte.

Fait au Caire, le 1876.

(Rédaction Nouvelle).

Ces fonds ne pourront recevoir d'autre destination que celle ci-dessus désignée, c'est-à-dire ne pourront être employés qu'au payement de la dette.

Art. 7. La Commission ne peut faire aucune opération commerciale ou industrielle.

Elle ne peut recevoir aucun dépôt ni consignation de quelque espèce que ce soit.

Art. 8. Les pertes résultant du change, les frais d'assurance et de transport d'espèces à l'étranger, les commissions à payer pour le payement des coupons, seront supportées par le Gouvernement Egyptien.

Art. 9. Chaque année, dans le courant du mois de Janvier, la Commission dresse le compte de sa gestion, en ce qui concerne les recettes et les payements qu'elle a opérés pour compte du Gouvernement pendant l'année précédente.

La forme des tableaux, états et relevés de ces comptes, sera arrêtée de concert entre le Ministre des Finances et les Commissaires.

Le solde débiteur ou créditeur des comptes est versé au Trésor ou payé par lui, dans le mois qui suit la remise des comptes.

Art. 10. Il ne pourra, dans aucun cas, ni sous aucun prétexte, être porté atteinte aux attributions de la Commission.

Les attributions, les droits et pouvoirs de la Commission et de ses membres sont placés de la manière la plus spéciale sous la garantie de l'autorité des Tribunaux Mixtes institués en Egypte.

Fait au Caire, le , 1876.

(Translation.)

Decree for the establishment of a "Caisse d'Amortissement."

(Old Edition.)

ISMAIL, Khedive of Egypt, &c., &c.

We have decreed as follows:

Article 1. A special Bureau is created for the regular service of the general Egyptian Debt, consolidated and floating, and also for the gradual extinction of this debt.

Art. 2. This Bureau will be entitled the "Caisse d'Amortissement."

Art. 3. The "Caisse d'Amortissement" will be administered by three Special Commissioners appointed by His Highness the Khedive, on the nomination of each of them made to him by the Governments of England, France, and Italy.

These Commissioners will be appointed for five years. They may, however, be

Decree for the creation of a "Commission of the Debt."

(New Edition.)

ISMAIL, Khedive of Egypt.

We have decreed as follows:

Article 1. A Special Commission is created fer the regular service of the general Egyptian Debt, consolidated and floating, and for the gradual extinction of this debt.

Art. 2. This Commission will be entitled the Commission of the Debt.

Art. 3. This Commission will be composed of three Special Commissioners appointed by His Highness the Khedive, whose nominations will be recommended to him by the Governments of England, France, and Italy.

These Commissioners will be appointed for five years. They may, however, be

(Old Edition.)

employed beyond that period. At the end of the five years, or in the event of the death or resignation of one of their number, the new appointment shall be made by the Khedive, on the nomination of the Government to whose nationality the former Commissioner belonged.

The duties of these Commissioners shall be as follows:—

To receive and demand, in case of need, the payment by the General Treasury of the requisite sums for the service and gradual extinction of the General Debt of Egypt.

To see that these funds are employed in the manner laid down by Article 5. (?)

Art. 4. The "Caisse d'Amortissement" shall receive from the Egyptian Treasury, or from the General Treasury charged with receiving the revenues of Egypt, the necessary amount in order to meet the service of the interest of the Debt and the Sinking Fund.

Art. 5. These sums shall be placed to the credit of each Loan.

The Directors of the Treasury and of the General Treasury can only be legally released from their liability by a receipt given by the "Caisse d'Amortissement."

Art. 6. The funds paid to the "Caisse "d'Amortissement" will be specially devoted to the Loans of 1863, 1864, 1866, 1867, 1868, and 1873, to the service of the new obligations destined to consolidate the floating debt, and to bonds issued in representation of this debt, to the payment to the English Government of the annuity representing the interest of the Suez Canal shares, and to the payment of the Tribute at Constantinople.

These funds must not be employed otherwise than as above designated, that is, can only be employed in the payment of the debt.

Art. 7. The "Caisse d'Amortissement" can undertake no commercial or industrial enterprise.

It can receive no deposit or consignment of any sort whatever.

Art. 8. Losses resulting from exchange, the costs of insurance, and the transport of specie abroad, commission on the payment of coupons, will be borne by the Egyptian Government.

Art. 9. Every year in January the "Caisse d'Amortissement" will make out the accounts of the receipts and expenditure it

(New Edition.)

employed beyond that period. At the end of the five years, or in the event of the death or resignation of one of their number, a fresh appointment shall be made by the Khedive at the nomination of the Government to whose nationality the former Commissioner belonged.

The duties of these Commissioners will be as follows:—

To receive and compel, in case of need, the payment by the General Treasury of the requisite sums for the service and gradual extinction of the General Debt of Egypt.

To see that these funds are employed in the manner laid down by Article 6 (?)

Art. 4. The Commission shall receive from the Egyptian Treasury, or from the General Treasury charged with receiving the revenues of Egypt, the necessary amount in order to meet the service of the interest of the Debt and the Sinking Fund.

Art. 5. The Directors of the Treasury and of the General Treasury can only be legally released from their liability by a receipt given by the Commissioners.

The official collector of the revenues devoted to the service of the Debt will be under the control of the Commissioners, and will pay the amounts direct to the Commission, who alone will be able to grant a legal discharge.

Art. 6. The funds paid to the Commission will be specially devoted to the Loans of 1863, 1864, 1866, 1867, 1868, and 1873, to the service of the new obligations destined to consolidate the Floating Debt, and to bonds issued in representation of this debt, to the payment to the English Government of the annuity representing the interest of the Suez Canal shares, and to the payment of the Tribute at Constantinople.

These funds must not be employed otherwise than as above designated, that is, can only be employed in the payment of the debt.

Art. 7. The Commission can undertake no commercial or industrial enterprise.

It can receive no deposit or consignment of any sort whatever.

Art 8. Losses resulting from exchange, the costs of insurance and the transport of specie abroad, commission on the payment of coupons, will be borne by the Egyptian Government.

Art. 9. Every year in January the Commission will make out the accounts of its transactions as regards the receipts and ex-

(Old Edition.)

has incurred on behalf of the Government during the preceding year.

The form of tabular statements, the documents, and abstracts relating to these accounts will be determined in concert by the Minister of Finance and the Commissioners.

The debit or credit balance of the accounts will be paid into the Treasury or paid by it within a month of the delivery of the accounts.

Art. 10. The duties of the "Caisse d'Amortissement" are not to be interfered with under any circumstances or pretext whatever.

This establishment is placed in the most special manner under the guarantee of the authority of the Mixed Tribunals established in Egypt.

Done at Cairo 1876.

(New Edition.)

penditure on behalf of the Government during the preceding year.

The form of tabular statements, the documents and abstracts relating to these accounts will be determined in concert by the Minister of Finance and the Commissioners.

The debit or credit balance of the accounts will be paid into the Treasury or paid by it within a month of the delivery of the accounts.

Art. 10. The duties of the Commission are not to be interfered with under any circumstances or pretext whatever.

The attributes, the rights and powers of the Commission, and of its members, are placed in the most special manner under the guarantee of the authority of the Mixed Tribunals established in Egypt.

Done at Cairo 1876.

No. 25.

Lord Lyons to the Earl of Derby.—(*Received March* 24.)

(Extract.) *Paris, March* 23, 1876.

YESTERDAY, in the course of the conversation of which an account is given in my immediately preceding despatch of to-day, I asked the Duc Decazes what was the character of M. Villet's mission to Egypt.

The Duke said that the Khedive was desirous of establishing some institution for the regular control of his finances, analogous to the Cour des Comptes in France. He had asked the French Government to send him an official person competent to give him advice and assistance in this matter, His Highness would no doubt also consult Mr. Rivers Wilson on the subject, as also the Delegate sent by the Italian Government, and he would very probably select from the systems practised in France, in England, and in Italy, such elements in each as might seem best suited to the particular condition of Egypt.

M. Villet had, the Duke proceed to tell me, naturally occurred to the French Government as the man best suited for the mission. His experience at Tunis would be extremely valuable to him in dealing with an Oriental and Mussulman Government, and its peculiar habits and institutions. Moreover the office he held under the French Government so nearly resembled that held by Mr. Rivers Wilson in England, that it seemed at once to place him on a par with the English Delegate. It was, the Duke thought, a great advantage in both cases, that the Delegate sent held a good official position in his own country, so as to feel quite independent with regard to any offers made to him by the Government of Egypt.

M. Villet's mission was, the Duke said, so far only of a temporary character. He was not, at present, invested in any way with the character of Member of the proposed "Commission de la Dette." Whether he would remain permanently, either as the French Member of that Commission, or in any other capacity, must depend upon a variety of circumstances which could not now be foreseen.

I remarked that I saw an announcement in a newspaper telegram from Florence that the Italian Government had sent a delegate named Baravelli to Egypt.

The Duc Decazes said that he had inquired of the Italian Minister here the exact nature of the mission of the Italian delegate, and that he had been informed that a person had been selected who might simply give financial advice in the same capacity as M. Villet and Mr. Rivers Wilson, or might remain as Commissioner, if circumstances rendered it advisable, to designate formally an Italian Member of the proposed "Commission de la Dette."

No. 26.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 24, 1876.

I TRANSMIT to you a copy of a despatch from Her Majesty's Ambassador at Paris,† inclosing a project, in ten Articles, of a Decree for the establishment of a Debt Commission, which the Duc Decazes placed in his hands.

This project appears to be a revised draft of a previous project for a "Caisse d'Amortissement."

I have to instruct you to inquire whether this project is authentic, and, if so, the reason why His Highness did not communicate with Her Majesty's Government concerning it, through you, if he desired their assistance, by the recommendation of a Commissioner, as provided in the 3rd Article.

I am, &c.
(Signed) DERBY.

No. 27.

Major General Stanton to the Earl of Derby.—(Received March 25.)

(Extract.) *Cairo, March* 17, 1876.

I HAVE the honour to report to your Lordship that Mr. Rivers Wilson arrived in Cairo last evening, and has this day been presented by myself to the Khedive.

No. 28.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 25, 1876.

I HAVE to instruct you to explain to the Khedive that His Highness's refusal to give his consent to the publication of Mr. Cave's Report is injuring his credit in this country, and it would be far wiser that he should withdraw his opposition.

I am, &c.
(Signed) DERBY.

No. 29.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 25, 1876.

WITH reference to my despatch of the 24th instant, I have to inform you that the Decree of the Khedive therein referred to has been published in to-day's impression of the "Pall Mall Gazette," with a statement that French and Italian Commissioners have been nominated.

Her Majesty's Government, however, have not received a copy of this Decree from you; they would consequently be glad to be informed whether this Decree has been issued in Egypt and whether French and Italian Commissioners have actually been appointed.

I am, &c.
(Signed) DERBY.

No. 30.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, March* 25, 1876.

HER Majesty's Government have had under their consideration your Excellency's despatch of the 23rd instant, reporting a conversation with the Duc Decazes on the

* Substance telegraphed. † No. 24.

financial affairs of Egypt, and inclosing a project of a "Décret pour la Création d'une Commission de la Dette," which Her Majesty's Government understand from your Excellency has been adopted by the Khedive.

I have now to request your Excellency to express to the Duc Decazes the satisfaction with which Her Majesty's Government have received his assurance that he is not disposed to take any step which could lead to an interference with the independence of Egypt. Her Majesty's Government have, throughout all that has passed on these matters, carefully guarded themselves against giving any pretext for assigning such a policy to them, and they could not view with indifference any attempt to gain administrative control over Egypt by another Power.

All that Her Majesty's Government have had in view has been to give to the Khedive in the most efficacious manner such friendly assistance as he applied for in reorganizing his finances; and they cannot admit that there has been any unnecessary delay on their part in seconding any practical efforts for this purpose.

In order to establish this more clearly, I will briefly recapitulate the course of the recent correspondence.

On the 27th of February Her Majesty's Government received from General Stanton a copy of the Contract for the constitution of the National Bank in Egypt.

On the 1st of March General Stanton reported by telegraph that the Khedive requested Her Majesty's Government to select an English Commissioner to be appointed by His Highness to this bank, adding that the French and Italian Governments had been similarly asked to appoint a Commissioner, and had signified their readiness to comply with His Highness' request.

On the 3rd instant Her Majesty's Government inquired by telegraph what were to be the duties of the Commissioners, to which a reply was received on the following day; and on the 6th instant the Marquis d'Harcourt informed me of the details of the proposal, as stated in my despatch to your Excellency of that day's date. Among these he stated was included a provision that the Commissioners should address every three months to the Governments by whom they were selected a Report on the operations of the Bank, and especially on those which related to its character as a State Bank. The Marquis d'Harcourt pressed for an early decision, and I understood his Excellency that both the French and Italian Governments were favourably disposed towards the proposed Commission.

On the evening of the same day Her Majesty's Government telegraphed to General Stanton that they could not send a Commissioner to take part in the management of a bank, but that if a workable plan for a Commission to receive revenues and apply them to payment of debt were proposed, they would give it their consideration.

On the 13th instant, your Excellency reported that the Duc Decazes had expressed his preference for a "Caisse d'Amortissement," instead of a bank, but Her Majesty's Government did not receive either from his Excellency or from Egypt any definite information or proposal with regard to such a scheme. On the contrary, all the telegrams from General Stanton related to some form of Commission in connection with a bank.

Her Majesty's Government now learn that the Duc Decazes has rejected both the schemes for the Bank and the Caisse d'Amortissement, and has also repudiated the idea which would seem to have been raised, of a Diplomatic Convention with the Khedive respecting His Highness' finances.

In the place of these schemes the Duc Decazes has furnished your Excellency with the project of the proposed decree. No such project has been communicated to Her Majesty's Government by the Khedive, but according to the latest telegraphic reports from General Stanton, it would appear that a Bank Commission was still contemplated.

Her Majesty's Government are not therefore in the position of accepting or refusing the nomination of a Commissioner under this Decree, since no request on the subject has been addressed to them by His Highness.

They have now inquired of General Stanton by telegraph how the matter stands, and in the meanwhile they desire to point out that the explanation afforded to your Excellency by the Duc Decazes and the Decree leave unexplained certain important portions of the new scheme, and that it would in any case be essential that further information should be given with regard to them before Her Majesty's Government could consider the propriety of any proposal that might be made to them. In particular they would desire to be fully informed as to the details of the plan referred to in the sixth Article of the Convention, for the consolidation of the floating debt, "des obligations nouvelles destinées à consolider la dette flottante."

I need hardly add that it must be distinctly understood that the arrangement proposed does not involve anything in the nature of a guarantee, either material or moral, on the

part of the Governments which might be parties to it. Her Majesty's Government could not enter into the consideration of any plan without a clear disclaimer of any such responsibility.

Your Excellency will take an opportunity of speaking to the Duc Decazes in the sense of this depatch, explaining to his Excellency that Her Majesty's Government have not yet received the project of Decree from the Khedive and cannot entertain its consideration even if submitted to them, until after grave deliberation and full explanation on the points to which I have referred, as well as on others to which, in this stage of the matter, I do not think it necessary to call attention.

I am, &c.
(Signed) DERBY.

No. 31.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, March* 25, 1876.

WITH reference to that part of my previous despatch of this day's date referring to the necessity for more information as to the scheme for the consolidation of the Egyptian floating debt, Her Majesty's Government must state to your Excellency that they will not enter into any arrangement unless they are first satisfied that the scheme involves no injustice to creditors, that it will not throw too heavy a burden on the finances of Egypt, and that it has in it the element of financial success, supposing it to be honestly worked. Her Majesty's Government do not think it advisable to enter into details beforehand with the French Government; but your Excellency should not fail to impress on them that Her Majesty's Government do not intend to enter into any arrangement the purport and bearing of which are not distinctly explained to them.

I am, &c.
(Signed) DERBY.

No. 32.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, March* 25, 1876.

I TRANSMIT to you herewith copies of the despatches which I have addressed to Lord Lyons,* in reply to the despatches from his Excellency of which copies were inclosed in my despatch of yesterday's date, respecting the proposed Decree for the establishment of an International Commission for the Egyptian debt; and I have to instruct you to speak to the Khedive in the sense of these despatches, so far as the views therein expressed by Her Majesty's Government may be applicable to the communications which you may hold with His Highness on this subject.

I am, &c.
(Signed) DERBY.

No. 33.

Lord Lyons to the Earl of Derby.—(Received March 27.)

My Lord, *Paris, March* 26, 1876.

I HAD this morning the honour to receive your Lordship's despatch of yesterday, containing an account of the communications which have taken place with Her Majesty's Government on the subject of the designation by them of a member of the proposed Financial Commission in Egypt. I thought it very important that the Duc Decazes should be made acquainted as soon as possible with the real state of the case, and with the views of Her Majesty's Government as stated in your Lordship's despatch; and I sent immediately to his Excellency's Office to ask him to fix a time for seeing me.

* Nos. 30 and 31.

I found, however, that he had left Paris to attend the funeral of a relation, in the Gironde, and that it would probably be some days before he came back.

Under these circumstances, I thought it better, rather than wait until I could communicate with the Duke by word of mouth, to convey to him the substance of your Lordship's despatch at once by letter.

I accordingly wrote to him an autograph letter, and I do myself the honour to transmit a copy of it herewith to your Lordship.

I have, &c.
(Signed) LYONS.

Inclosure in No. 33.

Lord Lyons to the Duc Decazes.

My dear Minister, *Paris, March* 26, 1876.

I SENT this morning to your office to ask you to receive me to-day, but found that you had been obliged to leave Paris, and that you would not be able to come back for two or three days. In order, therefore, to avoid so long a delay, I will put down here what I intended to say to your Excellency if I had had the honour of seeing you.

I have received from Lord Derby an answer to the report which I made to him of the conversation I had with you four days ago on the Egyptian financial question.

Lord Derby desires me to express to you the satisfaction with which Her Majesty's Government have received your assurance that you are not disposed to take any step which could lead to an interference with the independence of Egypt. Her Majesty's Government have throughout all that has passed in these matters carefully guarded themselves against giving any pretext for assigning such a policy to them, and they could not view with indifference any attempt to gain administrative control over Egypt by another Power. All that Her Majesty's Government have had in view has been to give to the Khedive in the most efficacious manner such friendly assistance as he applied for in reorganising his finances; and there has been no unnecessary delay on their part in seconding any practical efforts for the purpose.

A brief recapitulation of the course of the correspondence will show this.

On the 27th of February Her Majesty's Government received from General Stanton the copy of the contract for the constitution of a National Bank in Egypt. On the 1st of March General Stanton reported by telegraph that the Khedive requested Her Majesty's Government to select an English Commissioner to be appointed by His Highness to this bank, adding that the French and Italian Governments had been similarly asked to designate a Commissioner, and had signified their readiness to comply with His Highness' request.

On the 3rd March Her Majesty's Government inquired what were the duties of the Commissioners, by a telegram, to which an answer was received on the following day, and on the 6th March the Marquis d'Harcourt informed Lord Derby of the details of the proposal. M. d'Harcourt stated that among these was included a provision that the Commissioners should address every three months to the Governments, by whom they were selected, a report on the operations of the Bank, and especially on those which related to its character as a State Bank. His Excellency pressed for an early decision, and Lord Derby understood from him that both the French and Italian Governments were favourably disposed towards the proposed Commission.

On the evening of the same day Her Majesty's Government telegraphed to General Stanton that they could not send a Commissioner to take part in the management of a bank, but that if a workable plan for a Commission to receive revenues and apply them for payment of debt were proposed, they would give it their consideration.

On the 13th I reported to Lord Derby that your Excellency had told me on the previous day that you should prefer a "Caisse d'Amortissement" to a bank; but Her Majesty's Government did not receive, either from your Excellency or from Egypt, any definite information or proposal with regard to such a scheme. On the contrary, all the telegrams from General Stanton related to some form of a Commission in connection with a bank. Three days ago, in giving to Lord Derby an account of the conversation which I had had with your Excellency on the evening before I wrote, I mentioned the objections which your Excellency had made to the scheme of a bank and to the designation "Caisse d'Amortissement," and I did not fail to add that you rejected the idea, which would seem to have been raised, of a diplomatic Convention with the Khedive respecting His Highness's finances.

At the same time, I sent to Lord Derby the printed paper which your Excellency had been so good as to give to me, and which contained a draft of a Decree to be issued by the Khedive for the establishment of a "Commission de la Dette," which had, I understood from your Excellency, been adopted by the Khedive.

No such Draft Decree has been communicated to Her Majesty's Government by the Khedive, but, on the contrary, according to the latest telegraphic reports from General Stanton, it would appear that a Bank Commission was still contemplated.

Such being the case Her Majesty's Government are not at this moment in the position of accepting or refusing the nomination of a Commissioner under this Decree, since no request on the subject has been addressed to them by the Khedive.

They have now inquired by telegraph from General Stanton how the matter stands.

In the meantime it is manifest that several important portions of the new scheme are unexplained, and that it is essential that further information shall be given respecting them, before Her Majesty's Government can consider the propriety of any proposal which may be made to them with regard to it. In particular, it would be necessary that Her Majesty's Government should be fully informed as to the details of the plan referred to in the 6th Article of the Decree, for the consolidation of the floating debt,—"service des obligations nouvelles destinées à consolider la dette flottante."

It must, of course, be distinctly understood that the arrangement proposed does not involve anything in the nature of a guarantee, either material or moral, on the part of the Governments which might be parties to it.

Her Majesty's Government, of course, could not enter into the consideration of any plan without a clear disclaimer of any such responsibility; and if the Draft Decree should be submitted to them by the Khedive, they would, before being able to entertain it, require grave deliberation and full explanation on all points.

I am very sorry not to have an immediate opportunity of talking the matter over with you, and entering into it more fully; but I think I am doing as you would wish in letting you have in this form the bald statement I have made, rather than lose time by waiting until I can have the honour of seeing you.

Believe me, &c.
(Signed) LYONS.

No. 34.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, March* 27, 1876.

I HAVE to instruct you to inform the Khedive that Her Majesty's Government must require to be told what are the precise conditions upon which it is desired that Commissioners should be appointed to the proposed Commission de la Dette, and what is the nature of the arrangement for the floating debt, or other new liabilities which are contemplated in connection with the Commission.

At present Her Majesty's Government have no definite proposal before them, since the Khedive denies the authorization of the Decree forwarded by the Duc Decazes, a copy of which was sent to you in my despatch of the 24th instant; and the only other proposal made to them has been in connection with the National Bank.

Her Majesty's Government have in fact received no definite answer to my despatch to you of the 6th instant, the substance of which was telegraphed to you on the same day, and they could not agree to nominate a Commissioner without having the terms for the appointment of the Commission before them.

I am, &c.
(Signed) DERBY.

No. 35.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 27, 1876.

WITH a view to prevent any misunderstanding, Her Majesty's Government wish that it should be made clear to the Egyptian Government that they are not in communication with any English capitalists upon the question of Egyptian finance.

* Substance telegraphed.

Since Mr. Wilson's arrival in Egypt they presume that any communicatic with English capitalists have been made to the Khedive through him.

I am, &c.

(Signed) DERBY.

No. 36.

Lord Lyons to the Earl of Derby.—(Received March 29.)

My Lord, *Paris, March* 28, 1876.

THE Duc Decazes having returned to Paris to-day came to me in the afternoon, an brought with him the letter which I wrote to him the day before yesterday in order to make him acquainted as soon as possible with the views of Her Majesty's Government respecting the present state of the questions concerning the finances of Egypt.

The Duke went rapidly through the letter, making remarks as he proceeded.

He said that in disclaiming every sort of interference with the independence of Egypt, the French Government was entirely in accord with that of Her Majesty's Government.

He proceeded to observe that the object of the French Government could not be better described than in the words of my letter. Like her Majesty's Government "all they had in view was to give the Khedive in the most efficacious manner such friendly assistance as His Highness applied for in organizing his finances."

He agreed generally to the summary of the previous proceedings, so far as he was acquainted with them. He observed, however, that when he had suggested that the Commissioners to be connected with the proposed Bank should make reports to the Governments by which they were selected, it was not to banking operations that he intended these reports specially to relate, but to the functions, separate from these operations, which the bank was to discharge as a State establishment, charged with receiving a portion of the revenue and applying it to the charges on the loan. He did not, however, now think that any special provision respecting reports of this kind would be necessary. In the case of Tunis some arrangement as to reports made by the French financial officer who was at the head of the Commission might have been desirable for the satisfaction of the other Powers, but in the proposed Egyptian Commission each of the three Powers would have its own member, and have equal means of being informed of what was going on.

The Duc Decazes then came to the statement that Her Majesty's Government had telegraphed to General Stanton that they could not designate a Commissioner to take part in the management of a Bank, but that if a workable plan for a Commission to receive revenues and apply them to debt were proposed, they would give it their consideration. These words, he said, exactly expressed his own opinion, and the instructions he had given by telegraph to M. Outrey were exactly the same.

On arriving at the passage respecting the "Caisse d'Amortissement," he said that his principal reason for desiring that some other name should be given to the Commission was that there existed in France an institution called the "Caisse d'Amortissement," with functions very different from those that were to be discharged by the Commissioners in Egypt. He had thought it well to guard against the possibility of any confusion arising from the use of a name, to which a particular technical meaning was attributed in France. With regard to the Draft Decree, the Duc Decazes said that he should in fact have been justified in going somewhat farther than he had done in giving me to understand that it had been adopted by the Khedive. At all events he was, he said, quite certain that the Khedive would agree to it, if it were approved by the French and English Governments.

The Duke read out with some emphasis the passage in my letter in which I said that it must, of course, be distinctly understood that the arrangement proposed did not involve anything in the nature of a guarantee, either material or moral, on the part of the Governments which might be parties to it. The Duke declared that he considered an explicit understanding to this effect to be essential; and that he concurred with Her Majesty's Government in thinking that a clear disclaimer of any such responsibility ought to be made in an unmistakeable form.

The Duke went on to say that the views expressed in my letter appeared, in fact, to be so nearly identical with his own, that he could not help thinking that the two Governments might, without difficulty, come to a complete understanding, and proceed in concert to immediate action.

There was, however, one particular in which he could not concur in the opinion of Her Majesty's Government as it was expressed in my letter. Her Majesty's Government deemed it advisable that they should be fully informed as to the details of the plan for the

consolidation of the floating debt. For his own part he must confess that he should shrink from the responsibility of being in any degree committed to the details of this plan. They should, he thought, be settled between the Khedive and his creditors. If the Governments were to take any part in the matter, even if they went no farther than to require the plan to be submitted to them, they could hardly avoid committing themselves tacitly or explicitly to some sort of approval or disapproval of it. By so doing they would incur, or be held to incur, a sort of responsibility towards their countrymen who were the Khedive's creditors, or towards the Khedive himself. There seemed no reason to doubt that His Highness and his creditors would make an equitable arrangement if they were left to themselves. The functions of the Commissioners to be designated by the Powers should be strictly confined to receiving those portions of the Egyptian revenue which were assigned to the loans, and to disbursing them in conformity with the conditions on which the loans were made.

This was the only point, the Duc Decazes said, in which he differed with the views stated in my letter; but he had, he told me, learned from the Marquis d'Harcourt that your Lordship had thought some explanation necessary respecting the 10th Article of the Draft Decree, by which Article the privileges and rights of the Commission were placed under the guarantee and authority of the Mixed Tribunals in Egypt. Now in France disputes between private persons and the Government were brought before the Conseil d'Etat, which formed an administrative tribunal. There was no such administrative tribunal in Egypt, and even if there had been one, it might not have inspired much confidence.

It was, however, to be hoped and expected that the mixed tribunals would be independent and impartial. As an instance of the way in which their jurisdiction might be exercised, he would suppose that a tax collector, instead of paying the sums he had received into the chest of the Commission, had paid them by order of the Egyptian Government into some other hands. Now the Decree provided that the Commission alone could give the tax collector a legal discharge; the Commission might cite the collector before the Mixed Tribunal, and that tribunal would undoubtedly decide that the order of the Government was no sufficient warrant, and that the officer was still liable for the sums he had withheld from the Commission. It was perhaps true that this might not be a very efficacious remedy, so far as the recovery of the money from the individual collector was due, but it would establish the fact of undue intervention on the part of the Government, if such intervention should take place. It would, at any rate, ensure publicity, and the fear of publicity was undoubtedly one of the most effectual checks against disregard of the law which could be devised.

Reverting to what he had said before, the Duke proceeded to point out the course which he recommended, in order that the two Governments should act at once and together.

He thought that neither could be willing, after all that had occurred, to allow the Khedive to become bankrupt, and to bring the ruin on its own countrymen which would be the consequence, since no more was required of it, in order to prevent these disasters, than to designate a member to be placed by the Khedive in the Commission. What, therefore, he would suggest was that the English and French Governments should at once come to an understanding with one another as to the terms on which they would designate Commissioners, and the form in which they would couch their consent to do so.

Of these terms the first and most important in the Duke's opinion would be the distinct understanding that nothing in the nature of a guarantee, moral or material, was involved in their so doing.

As to the functions of the Commission and other details, the Duke appeared to think that the Draft Decree might be safely adopted. He said, however, that if Her Majesty's Government thought any modification necessary, he should be disposed to join with them in calling for it.

He added, however, that for his own part, if any further conditions should be deemed necessary, he should prefer stating them in the document conveying the assent of the Governments to designate Commissioners.

In conclusion the Duc Decazes expressed great anxiety that no time should be lost. The Khedive's Treasury Bonds were, he said, falling due daily, and if measures were not taken at once, His Highness might any day be unable to meet them, and his credit might sustain a shock, from the disastrous effects of which it might be too late to seek a remedy.

I have, &c.
(Signed) LYONS.

No. 37.

*The Earl of Derby to Lord Lyons.**

My Lord, *Foreign Office, March* 30, 1876.

HER Majesty's Government have had under their consideration your Excellency's despatch of the 28th instant, reporting a conversation with the Duc Decazes respecting Egyptain financial affairs, and I have to request your Excellency to tell the Duc Decazes that Her Majesty's Government cannot consider the question of nominating a Commissioner until they know what are the terms of the new obligations for the consolidation of the floating debt.

I am, &c.
(Signed) DERBY.

No. 38.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, March* 30, 1876.

I HAVE to instruct you to tell the Khedive that Her Majesty's Government cannot consider the question of nominating a Commissioner until they know what are the terms of the new obligations for the consolidation of the floating debt.

I have to add that a similar intimation has been made to the French Government, with reference to the language held by the Duc Decazes to Lord Lyons, as reported in his Excellency's despatch of the 28th instant, of which a copy was inclosed in my despatch of this day's date.

I am, &c.
(Signed) DERBY.

No. 39.

Lord Lyons to the Earl of Derby.—(Received April 1.)

My Lord, *Paris, March* 31, 1876.

I HAD last evening the honour to receive your Lordship's telegram of yesterday afternoon, and I immediately let the Duc Decazes know that until Her Majesty's Government are made acquainted with the terms of the proposed consolidation of the Egyptian floating debt and with the new obligations it will involve, it will not be possible for them to consider the question of designating a Commissioner.

I have, &c.
(Signed) LYONS.

No. 40.

Major-General Stanton to the Earl of Derby.—(Received March 31, *at night.)*

(Telegraphic.) *Cairo, March* 31, 1876.

THE Khedive has sent me a communication, of which following is a translation, and specially requests that, if possible, it may be announced in Parliament this evening, viz:—

The Viceroy did not refuse his consent to the publication of Mr. Cave's Report. He only requested its momentary postponement, for reasons which concerned the interests of his country.

The declaration of Mr. Disraeli was framed in the terms which he judged most appropriate, but the Viceroy ventures respectfully to observe that the declaration has produced an effect contrary to the intentions of the English Cabinet, who have always, under all circumstances, afforded him so many proofs of their friendly interest, for which he repeats the expression of his gratitude.

In these circumstances, whilst maintaining the propriety of the reasons which induced him to ask for a delay in the publication of the Report, His Highness is obliged, on account of the situation which has been created, and in order to dissipate the unjust doubts which have arisen, to request that the Report may be made public as soon as possible, and of course without any reservations.

His Highness has not seen the Report, but he has arrived at this decision under the firm conviction that the Report, founded, as it is, upon the most complete and accurate

* Substance telegraphed.

information, will enlighten the public in the most complete manner as to the financial situation of Egypt.

No. 41.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, April* 3, 1876.

I HAVE received your Excellency's despatch of the 26th ultimo, and I approve of your having conveyed to the Duc Decazes, in his absence from Paris, in the note of which you inclose a copy, the substance of my despatch of the 25th of March, on the subject of the designation by Her Majesty's Government of a member of the proposed Financial Commission in Egypt.

I am, &c.
(Signed) DERBY.

No. 42.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, April* 7, 1876.

AT an interview which the Prime Minister had with the Marquis d'Harcourt on the 3rd instant, his Excellency communicated to Mr. Disraeli the substance of a despatch which he had received from the Duc Decazes, dated the 1st of this month.

In this despatch the Duc Decazes stated that upon the receipt by him of the note of the 30th ultimo, of which a copy is inclosed in your despatch of the 31st ultimo, the French Government felt constrained to consider the decision of Her Majesty's Government in regard to the nomination of a Commissioner in connection with the Egyptian Finance question as definitively taken, or that it amounted, at any rate, to an indefinite adjournment of the matter,—and in presence of the danger with which a longer period of suspense might threaten both Egyptian credit and French capital, the fate of which is now at stake, in consequence of a succession of obligations falling due and recurring at such short intervals, they had not hesitated to come to a decision which both the special interests involved and French policy in Egypt equally dictated.

The French Minister for Foreign Affairs had accordingly instructed their Envoy at Cairo, M. Outrey, to intimate to the Khedive that notwithstanding the temporary abstention of England they were ready to proceed, and to submit to His Highness the nomination of a French Commissioner. At the same time, however, they stipulated that the post which the British Government did not consider itself at the present moment in a position to occupy, should be left open, in order that they might assume it whenever they should arrive at such a decision.

The despatch concluded by stating that the French Government did not fear these responsibilities as Lord Lyons appeared to do. They were confined to a mission of control, implying on their part no sort of guarantee; and they had no intention of founding any claim thereupon for their own benefit, because they neither sought for the Government nor for the nation any exclusive advantage.

I have, &c.
(Signed) DERBY.

No. 43.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, April* 7, 1876.

WITH reference to my immediately preceding despatch of to-day, I have to state to your Excellency that at an interview which Mr. Bourke had with the Marquis d'Harcourt on the 5th instant, his Excellency, referring to the interview which he had had with Mr. Disraeli, expressed the regret of his Government that Her Majesty's Government had not also appointed a Commissioner; but that whenever they thought it right to do so, such a step would be regarded with great satisfaction by the Government of France, which was more than ever desirous of acting with Her Majesty's Government in this matter.

The Marquis d'Harcourt added that Mr. Disraeli had replied to the communication

made to him, that he received it in the same spirit in which he was sure that it was made.

I am, &c.
(Signed) DERBY.

No. 44.

Major-General Stanton to the Earl of Derby.—(Received April 8.)

My Lord, *Cairo, March 29, 1876.*

I HAVE the honour to forward herewith to your Lordship a copy of the statement which was handed to me by Cherif Pasha on the 26th instant in reply to the communication which I had made to the Khedive on the receipt that day of your Lordship's telegrams of the 25th; a translation of this statement was forwarded to your Lordship in my telegram of the 26th instant, and my despatch of that date.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 44.

Statement by His Highness the Khedive.

LE Khédive ne s'oppose pas à la publication du rapport de Mr. Cave, mais il insiste à ce que cette publication ne soit faite qu'après la désignation de la personne qui sera nommée par lui comme Commissaire près la Caisse d'Amortissement.

Le Khédive ayant demandé aux Gouvernements Français et Italien comme il avait demandé au Gouvernement de Sa Majesté la Reine de lui désigner deux personnes pour être nommées par lui Commissaires près la Caisse d'Amortissement, les Gouvernements Français et Italien ont envoyé deux personnes pour être plus tard proposées par eux comme Commissaires à la nomination du Khédive.

Donc ces personnes ne sont pas encore nommées aucun projet de décret n'a encore été décidé. Un projet est en étude, et il ne sera décidé et décrété qu'après désignation à la nomination du Khédive des trois Commissaires.

Le Khédive cependant se trouvera obligé de prendre une détermination Samedi prochain au plus tard à cause de l'arrivée d'ici à Jeudi d'une Commission envoyée par groupe de Paris.

Le décret publié par le "Pall Mall Gazette" est au moins prématuré.

(Translation.)

THE Khedive does not oppose the publication of Mr. Cave's Report, but he insists that the publication shall not take place till after the selection of the person to be nominated by him as Commissioner to the "Caisse d'Amortissement."

The Khedive having requested the French and Italian Governments, as he did that of Her Majesty, to select for him two persons for nomination by himself as Commissioners to the "Caisse d'Amortissement," the French and Italian Governments have sent two persons who will hereafter be proposed by them as Commissioners upon the nomination of the Khedive.

These persons have not, then, been yet nominated. No project of a decree has as yet been decided upon. A project is under consideration, and it will not be decided upon nor decreed until after the designation of the three Commissioners for nomination by His Highness.

The Khedive, however, will be obliged to come to a decision on Saturday next at the latest, on account of the arrival here, between now and Thursday, of a Commission sent out by the Paris group.

The Decree published by the "Pall Mall Gazette" is, to say the least, premature.

No. 45.

Major-General Stanton to the Earl of Derby.—(Received April 8.)

(Extract.) *Cairo, March 29, 1876.*

WITH reference to my telegram of last night, forwarding the translation of a statement which I had received from the Viceroy in reply to the communication which I had made to His Highness of the purport of your Lordship's telegrams of the 27th instant, I

have now the honour to forward to your Lordship a copy of the statement in question, which was placed in my hands last evening by his Excellency Cherif Pasha.

During my interview with the Khedive in the morning, I expressed my surprise that the project of Decree for the "Caisse d'Amortissement" had not been officially communicated to me, when His Highness assured me most positively that the project had not been elaborated here, but had been drawn up by the French group, printed in Paris, and communicated by them to himself and to the French and Italian Governments, and he presumed also to Her Majesty's Government.

He remarked that he had no serious objections to raise to the proposed clauses, but was perfectly ready to attend to any representations or suggestions on the subject which Her Majesty's Government might wish to offer.

With regard to the nature of the arrangement contemplated for the floating debt, His Highness gave me to understand that in the absence of any proposals from English capitalists he should be forced to accept the conditions imposed upon him by the French group, but he could not state precisely what those conditions would be until after the arrival of the representatives of the group, who are expected on the 30th instant.

Inclosure in No. 45.

Statement.

EN ce qui concerne la Caisse d'Amortissement, le Gouvernement Egyptien n'a élaboré aucun projet. Toutefois une proposition, à ce sujet, a été soumise à Son Altesse par le groupe de Paris ; c'est probablement ce projet qui a été communiqué à sa Seigneurie Lord Derby, projet qui a satisfait les Gouvernements Français et Italiens, que Son Altesse a admis en principe et auquel elle n'a pas d'objections sérieuses à faire. Mais Son Altesse, comme cela a déjà été déclaré au Général Stanton, n'a rendu aucun décret et a ajourné sa résolution par déférence pour le Gouvernement de Sa Majesté la Reine, avec lequel elle est encore en négociations.

Bien entendu, les Commissaires n'auront d'autres attributions que celles définies dans le projet.

Quant à l'arrangement pour la dette flottante, des bases ont été arrêtées et communiquées au Colonel Stokes avant son depart, mais certaines modifications ayant été, dit-on, apportées à ces bases par le groupe de Paris dont les représentants arrivent en Egypte Jeudi prochain, Son Altesse ne peut donner aucun renseignement exact sur la nature de l'arrangement avant qu'un accord complet soit intervenu entre les parties. Dès que cet accord sera fait, Son Altesse s'empressera de la faire connaître au Général Stanton.

Le Khédive n'a jamais entendu que le Gouvernement Anglais entrat en pourparlers avec des financiers ; tout ce que Son Altesse connaît, c'est la dépêche qui a été communiquée avant l'arrivée de Mr. Wilson, ce qui a été dit par lui, et ce qui s'en est suivi. Le Général Stanton étant au courant de ces choses, Son Altesse ne peut rien y ajouter.

(Translation.)

AS regards the Caisse d'Amortissement the Egyptian Government has not drawn up any project. A project, however, has been submitted to His Highness by the Paris group; it is probably this project which has been communicated to Lord Derby, a project which has satisfied the French and Italian Governments, which His Highness has admitted in principle, and to which he has no serious objection to make. But His Highness, as General Stanton had been already assured, has not issued any decree, and has postponed his decision out of deference for Her Majesty's Government, with whom he is still in negotiation.

It is quite understood that the Commissioners will have no other attributions than those laid down in the project.

With regard to the arrangement for the floating debt, certain bases were drawn up and communicated to Colonel Stokes before his departure, but some modifications having, it is said, been made in these bases by the Paris group, whose representatives are to arrive in Egypt on Thursday next, His Highness can give no precise information as to the nature of the arrangement, until after that a complete understanding has been come to between the parties. As soon as this agreement shall be arrived at, His Highness will hasten to communicate it to General Stanton.

The Khedive never supposed that the English Government would treat with financial houses; His Highness knows nothing more than the despatch which was communicated before Mr. Wilson's arrival, that which that gentleman has said, and that which has

resulted therefrom. General Stanton being acquainted with these matters, His Highness can add nothing more.

No. 46.

Major-General Stanton to the Earl of Derby.—(*Received April* 8.)

My Lord, *Cairo, March* 31, 1876.

I HAVE had the honour to receive your Lordship's despatch of the 17th instant, transmitting for my information copies of despatches upon the subject of the financial affairs of Egypt.

My telegrams of this week will have informed your Lordship of the actual condition of affairs in this country, and I have little to add on the present occasion to what has already been communicated.

The representatives of the Paris group arrived in Cairo last night, and are, I believe, to present their conditions to the Minister of Finance in the course of this afternoon, and His Highness will probably give his decision to-morrow; but if, as is strongly suspected, the terms offered by them for the consolidation of the floating debt prove too onerous for the Egyptian Government to accept, nothing will remain for the Khedive but a declaration of his inability to pay the Treasury bills falling due.

His Highness has hoped up to the present that some proposals would have been made to him by English capitalists; but no such proposals having reached him, he now despairs of any assistance which will enable him to escape from the grasp of the French group.

I have, &c.

(Signed) EDWD. STANTON.

No. 47.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, April* 8, 1876.

HER Majesty's Government presume that the Khedive clearly understands that they have now no proposals before them respecting Egyptian affairs, and that they cannot originate any.

They are of course willing to consider any proposals from His Highness. They would be glad to know if you consider it probable that any such proposals will be made.

I am, &c.

(Signed) DERBY.

No. 48.

Major-General Stanton to the Earl of Derby.—(*Received April* 8, *night.*)

(Telegraphic.) *Cairo, April* 8, 1876, 4 P.M.

HIS Highness wishes to know whether, in the event of his making the offer to Mr. Wilson, and of that gentleman accepting the post, Her Majesty's Government would oppose his nomination as Commissioner for the service of the Egyptian debt.

His Highness has no idea whether Mr. Wilson is prepared to accept the offer or not.

No. 49.

Lord Lyons to the Earl of Derby.—(*Received April* 13.)

(Extract.) *Paris, April* 12, 1876.

I HAVE the honour to transmit to your Lordship a paper I have received, unofficially, this morning from the Duke Decazes, and which gives the particulars of a scheme for the conversion and amalgamation of the Egyptian debts.

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* Substance telegraphed.

Inclosure in No. 49.

SCHEME for the Conversion and Amalgamation of the Egyptian Debt.

	£
Capital Nominal—	
Dette consolidée	49,300,000
Montant nominal des Bons—	
Dette flottante	18,243,076
Total général	67,543,076
Capital versé (80 pour cent en moyenne pour la Dette Consolidée)	39,440,000
Capital versé	18,243,076
Total général	57,683,076
Dépenses—	
Intérêts par an sur la Dette Consolidée	3,451,000
Intérêts calculés d'après les bases maintenues pour la Dette Consolidée ..	1,596,269
Amortissement des deux Dettes Consolidées en 65 ans (0·101 fr. pour cent sur l'effectif)	58,260
Le total des sommes nécessaires pour le service des intérêts et de l'amortissement des deux Dettes Consolidées (en 65 ans) étant de . ..	5,105,529
Et le total des sommes actuellement consacrées au service des intérêts et de l'amortissement de la Dette Consolidée s'élevant à	5,029,631
L'excédant à fournir serait de	75,898

Explication du Tableau.

	£	£
La Dette Consolidée s'élève aujourd'hui à		49,300,000
La charge annuelle pour le service de ses obligations est de		5,029,600
Qui se décomposent ainsi—		
Intérêts, 7 pour cent	3,451,000	
Amortissement	1,578,600	
	5,029,600	

Nous nous sommes proposés de trouver les ressources nécessaires pour consolider la dette flottante et unifier ainsi toute la dette en ne consacrant à ce nouveau service que la somme employée aujourd'hui à l'amortissement de la dette consolidée, seule.

Nous avons dressé tableau—

1. De toutes les dettes de l'Etat consolidées jusqu'à ce jour. Elles s'élèvent à 49,300,000*l.*, et sont représentées par des obligations de 500 fr., rapportant en coupons 35 fr. Nous conservons à ces coupons leur valeur intégrale ;

2. De la dette flottante qui est de 18,243,076*l.* et que nous proposons de rembourser en obligations semblables à celles ci-dessus et que les porteurs de bons recevraient en paiement au prix de 400 fr. l'une.

Nous ajoutons au service des intérêts de ces deux dettes unifiés la somme nécessaire à leur amortissement en 65 ans, et nous obtenons ainsi en dernier résultat la consolidation de la dette flottante et l'unification de toute la dette sans qu'il résulte pour le trésor Egyptien une somme sensiblement supérieur à celle qu'il consacre aujourd'hui au service de la dette consolidée seule et dont il reconnaît supporter légèrement le fardeau.

La crise que traverse le Trésor Egyptien ne peut avoir un terme que si tous les créanciers de l'Égypte consentent à faire un sacrifice.

Mais ce sacrifice ne peut être demandé que dans les limites des nécessités absolues et reconnues, et il doit être combiné de manière à leur apporter le moindre trouble possible.

Dans cette pensée nous supposons que l'on pourrait demander aux porteurs de la dette consolidée de retarder et d'éloigner le délai dans lequel leur créance devra être remboursée.

On suppose ainsi que le solde des emprunts qui n'avaient plus à courir que 6 ans, 15 ans, 27 ans, serait amorti à partir de ce jour en 65 ans.

Quant aux porteurs des bons du Trésor, le sacrifice qu'on leur demanderait serait beaucoup plus grand.

En effet ces bons étaient remboursables à trois mois, six mois, &c., à échéance fixe ; c'est donc un papier commercial que l'on consoliderait, que l'on immobiliserait pour ainsi dire, car on propose de les convertir aussi en obligations remboursables à 65 ans.

De plus ce n'est pas seulement cette transformation que nous imposerions à cette classe de créanciers ; nous les obligerions à échanger leurs bons, dont en réalité le montant total a été versé par eux, contre des titres en tout semblables à ceux de la dette consolidée, remboursables en 65 ans et que les porteurs de bons recevraient en paiement au prix de 400 fr.

Or, si l'on considère que le cours actuel des obligations est de 263, dont il faut même déduire le coupon de 17 fr. 50 c., qui va être détaché dans quelques jours, on verra que l'on fait accepter aux porteurs de bons pour 400 fr. un titre qui se négocie à 246, et par suite sur lequel ils pourront faire une perte de 154 fr., c'est-à-dire de plus de 38 pour cent.

L'avantage que l'on fait aux porteurs de la dette consolidée est, comme on le voit, très-important, surtout si l'on considère qu'ils n'ont versé en réalité que 80 pour cent de la créance qu'ils ont entre les mains.

Mais les créanciers de l'Egypte peuvent et doivent subir ces sacrifices sans révolte et sans protestations s'ils sont d'autre part assurés :

1. Que toutes les ressources spéciales que le contrat Pastré assurait aux porteurs de bons leur resteront acquises ;

2. Que le service général de la dette sera assuré par la création et le fonctionnement régulier d'une Caisse d'Amortissement ou Commission de la dette administrée par des Commissaires désignés par les Gouvernements étrangers et chargés de la perception du recouvrement et de la distribution de toutes les ressources destinées et exclusivement réservées à la dette.

Quant au Gouvernement Egyptien il parviendrait, en acceptant cette combinaison, à faire le service des intérêts et de l'amortissement de toute sa dette consolidée et unifiée sans augmenter la charge annuelle qu'il supporte actuellement pour la dette consolidée seule.

(Translation.)

SCHEME for the Conversion and Amalgamation of the Egyptian Debt.

	£
Nominal capital—	
Consolidated debt	49,300,000
Nominal amount of bonds—	
Floating debt	18,243,076
General total	67,543,076
Capital invested (at an average of 80 per cent. for the Consolidated Debt) ..	39,440,000
Invested	18,243,076
General total	57,683,076
Expenses—	
Yearly interest on the Consolidated Debt	3,451,000
Interest calculated at the existing rates for the Consolidated Debt ..	1,596,269
Redemption of the two Consolidated Debts in 65 years (0·101 fr. per cent. on the value)	58,260
The total of the sums necessary for the service of the interest and of the redemption of the two Consolidated Debts (in 65 years) being ..	5,105,529
And the total of the sums actually devoted to the service of the interest and the redemption of the Consolidated Debt, amounting to ..	5,029,631
The surplus to be provided would be	75,898

Explanation of the Table.

	£	£
The Consolidated Debt amounts at the present time to		49,300,000
The annual charge for the service of its obligations is		5,029,600
Which is thus divided—		
Interest, 7 per cent.	3,451,000	
Redemption	1,578,600	
	5,029,600	

The proposal to find the resources necessary for consolidating the floating debt, and for thus amalgamating the whole debt by devoting to this new service only the sum now employed in the redemption of the consolidated debt alone.

We have prepared a table—

1. Of all the debts of the State consolidated up to the present time. They amount to 49,300,000*l.*, and are represented by bonds of 500 fr., yielding 35 fr. in coupons. We retain these coupons at their integral value.

2. Of the floating debt, which stands at 18,243,076*l.*, and which we propose to repay with bonds similar to those above-named, and which the holders of bonds would receive in payment at the price of 400 fr. each.

We add for the service of the interest of these two amalgamated debts the sum necessary for their redemption in sixty-five years; and thus we obtain as a final result the consolidation of the floating debt, and the amalgamation of the whole debt without imposing on the Egyptian Treasury a sum perceptibly greater than that which it now devotes to the consolidated debt alone, and the burden of which it knows it can easily bear.

The crisis through which the Egyptian Treasury is passing can only come to an end if all the creditors of Egypt consent to make a sacrifice. But this sacrifice can only be asked for within the limits of absolute and recognized necessity, and it should be so arranged as to cause them as little inconvenience as possible.

With this view we suppose that the holders of the consolidated debt might be asked to defer and put off the period within which their claim should be repaid.

We thus assume that the payment of the loans which had only six, fifteen, and twenty-five years to run, would be paid off in sixty-five years from this time.

As to the holders of Treasury bonds, the sacrifice they would be asked to make would be much greater.

In fact, these bonds were repayable in three months, six months, &c., at a fixed term of maturity; so that it is commercial paper that would be consolidated—that would, so to say, be made real property, for it is proposed to convert them also into bonds repayable in sixty-five years.

Moreover, it is not only this transformation that we should impose on that class of creditor; we should make them exchange their bonds, of which the whole amount has in reality been invested by them, for securities in every way similar to those of the Consolidated Debt, repayable in sixty-five years, and which the holders of bonds would receive in payment at the price of 400 fr.

Now, if we consider that the actual market price of the bonds is 263 fr., from which, too, we must deduct the coupon of 17 fr. 50 c. that is to be detached in a few days, it will be seen that the holders of bonds will be made to accept for 400 fr. a security which is negotiable at 246 fr., and on which, consequently, they may incur a loss of 154 fr., that is to say, of more than 38 per cent.

The advantage conferred on the holders of the Consolidated Debt, as will be seen, is very important, especially if we consider that they have in reality only invested 80 per cent. of the claim which they possess.

But the creditors of Egypt can and ought to submit to these sacrifices without resistance and without protestations if they are, on the other hand, assured—

1. That they will still have the benefit of all the special resources which the Pastré Contract secured to the holders of bonds.

2. That the general service of the debt will be secured by the creation and regular working of a "Caisse d'Amortissement," or Commission of the debt, managed by Commissioners named by the foreign Governments, and charged with the collection and receipt, as well as the distribution, of all the resources destined and exclusively reserved for the debt.

As for the Egyptian Government, it would, by accepting this combination, be enabled to provide for the interest and redemption of all its consolidated and amalgamated debt, without increasing the annual charge which it now bears for the consolidated debt alone.

No. 50.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, April* 13, 1876.

I TRANSMIT to you herewith, for your information, a copy of despatch from Lord Lyons,* inclosing a project, unofficially communicated to him by the Duc Decazes, for the settlement of the Egyptian debt.

I am, &c.
(Signed) DERBY.

No. 51.

The Earl of Derby to Major-General Stanton.†

Sir, *Foreign Office, April* 13, 1876.

HER Majesty's Government have had under their consideration your telegram reporting that the Khedive had inquired whether in the event of his offering to Mr. Rivers Wilson the appointment of Commissioner for the service of the Egyptian debt, and of that gentleman accepting the post, Her Majesty's Government would oppose the nomination. His Highness had added that he had no idea whether Mr. Wilson is prepared to accept the offer or not.

I have now to instruct you to state to the Khedive, in reply, that as Mr. Wilson will be in the service of the Khedive, Her Majesty's Government can have no right or desire to oppose his employment in any post which His Highness may think fit to offer him, and which he may be willing to accept.

I am, &c.
(Signed) DERBY.

No. 52.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, April* 13, 1876.

WITH reference to my other despatch of this day's date, respecting the contemplated appointment by the Khedive of Mr. Rivers Wilson to be a Commissioner for the service of the Egyptian debt, I have to point out to you that Her Majesty's Government have before them no proposals for a Commission, and are ignorant of what may be the duties and responsibilities of the Commissioners.

They must consequently guard themselves against its being represented that by not opposing the appointment of Mr. Wilson, they have in any way been a party to his nomination.

The draft Decree forwarded to Her Majesty's Government by the French Government, and of which a copy was inclosed in my despatch of the 24th March, provided that there should be three Commissioners for the Debt Commission named by the Khedive, "sur la présentation qui lui sera faite de chacun d'eux par les Gouvernements Anglais, Français, et Italien."

In my despatch to Lord Lyons of the 25th ultimo, of which a copy was inclosed for your guidance in my despatch of the same date, I explained the situation in which Her Majesty's Government were placed with regard to this project for a Commission, and in my despatch of the 30th ultimo I instructed you to tell the Khedive that Her Majesty's Government cannot consider the question of nominating a Commissioner until they know what are the terms of the new obligations for the consolidation of the floating debt.

The views of Her Majesty's Government in these respects remain unchanged, and they cannot, therefore, accept any responsibility for the Commission in connection with Mr. Wilson's appointment on it by the Khedive, should His Highness carry into effect his intention.

At the same time they are far from wishing to interfere with the Khedive in any advantage which he may derive from the appointment of Mr. Wilson.

They had much pleasure in complying with the Khedive's request for assistance in his

* No. 49.

† Substance telegraphed.

financial administration by the recommendation of so able and experienced an officer as Mr. Wilson, and would gladly see His Highness avail himself of that gentleman's services in any capacity which may be advantageous to the interests of Egypt.

I am, &c.
(Signed) DERBY.

No. 53.

Mr. Adams to the Earl of Derby.—(*Received April* 16.)

My Lord, *Paris, April* 15, 1876.

M. DUTREIL, the Chef de Cabinet of the Duc Decazes, has just called upon me and placed in my hands a new "Projet de Consolidation et d'Unification" of the Egyptian Debt, with a request from his Excellency that I would forward it by this day's post to your Lordship.

I have the honour to inclose the document herewith in original.

I have, &c.
(Signed) F. O. ADAMS.

Inclosure in No. 53.

Projet de Consolidation et d'Unification.

D'APRES le rapport Cave, le montant des sommes qui peuvent être appliquées à l'opération est—

De 6,737,373 livres de 1876 à 1885.
4,521,230 „ de 1886 à 1895.
4,720,059 „ à partir de 1896.

Sur ces bases, mais sous réserve et à condition de la mise à exécution des projets relatifs à la réorganisation des finances, comprenant le contrôle et la perception des recettes ainsi qu'à la création de la Caisse d'Amortissement et de la Cour des Comptes, nous avons établi la combinaison suivante :—

Consolidations de la Dette Flottante de l'Etat s'élevant à 23,160,000 livres avec des titres 7 pour cent remboursables à 500 francs en cinquante ans mais pris à 400 francs.
Conversion de toute la Dette Consolidée de l'Etat comprenant les Emprunts de 1862, 1864, 1865, 1867, 1868, 1873, dont les obligations en circulation représentent un total nominal de 49,300,000 livres.
Création d'obligations 500 7 pour cent remboursables à 50 ans :—

	£
L'annuité nécessaire pour le service de ces obligations est de ..	5,658,925
Mais comme pendant les dix premières années la somme disponible est de	6,737,373
Il y aura un excédant de	1,078,448

Sur lequel on versera annuellement à la Caisse d'Amortissement la somme de 1,077,000 livres.

La Caisse d'Amortissement fera avec cette somme des rachats d'obligations.

En 1886, par suite de l'Amortissement normal et par suite des rachats faits par la Caisse d'Amortissement (les titres rachetés étant détruits à la fin de la dixième année) l'annuité à servir par l'Etat jusqu'à la fin, c'est-à-dire, pendant les 40 années restant à courir, ne sera plus que de 4,149,700.

	£
De 1886 à 1895 d'après M. Cave la somme disponible est de	4,521,230
L'annuité nécessaire étant de	4,149,700
L'excédant est de	371,530

	£
A partir de 1896 d'après M. Cave la somme disponible est de	4,720,059
L'annuité nécessaire étant de	4,149,700
L'excédant est de	570,359

Quant à la Dette de la Daïra elle se décompose ainsi :—

	£
Dette Consolidée	6,032,620
Dette Flottante	3,000,000

Cette dette serait également transformée et consolidée en obligations 500 7 pour cent à 50 ans, et l'annuité qui devra être mise à la charge de la Daïra sera pendant 50 ans de 707,465.

Avec ce projet on fait face à tous les besoins, même à l'imprévu, tout en étant au-dessous des limites indiquées par M. Cave, et de plus l'unification est complète.

(Translation.)

Plan of Consolidation and Unification.

According to Mr. Cave's report, the amount of the sums applicable to this operation is :—

£	
6,737,373	from 1876 to 1885.
4,521,230	„ 1886 to 1895.
4,720,059	„ 1896.

On this basis, but on condition of the execution of the plans for the reorganization of the finances, including the control and the collection of the receipts, as well as the creation of the "Caisse d'Amortissement" and the "Cour des Comptes," we have established the following combination :—

Consolidation of the Floating Debt of the State, amounting to 23,160,000*l.*, in 7 per cent. bonds, repayable in fifty years, at 500 fr., but taken at 400 fr.

Conversion of the whole Consolidated Debt of the State, including the loans of 1862, 1864, 1865, 1867, 1868, 1873, the amount of which in circulation represents a nominal total of 49,300,000*l.*

Creation of obligations of 500 at 7 per cent. repayable in fifty years :—

	£
The annual sum necessary for the service of these obligations is	5,658,925
But as during the first ten years the sum to be disposed of is	6,737,373
There will be a surplus of	1,078,448

Out of which will be paid annually to the "Caisse d'Amortissement" the sum of 1,077,000*l.*

With this sum the "Caisse d'Amortissement" will effect the repurchase of obligations.

In 1886, as a consequence of the normal Sinking Fund, and in consequence of the repurchases effected by the "Caisse d'Amortissement" (the bonds repurchased being destroyed at the end of the tenth year) the annual sum at the disposal of the State to the end, that is, during the 40 years to run, will not exceed 4,149,700*l.*

	£
From 1886 to 1895, according to Mr. Cave the sum disposable is	4,521,230
The annual sum necessary being	4,149,700
The surplus is	371,530

	£
From 1896, according to Mr. Cave, the sum disposable is	4,720,059
The annual amount necessary being	4,149,700
The surplus is	570,359

As regards the debt of the Daira, it is composed as follows :—

	£
Consolidated Debt	6,032,620
Floating Debt	3,000,000

This debt would be likewise converted and consolidated in 7 per cent. obligations of 500*l.* at 50 years, and the annual sum to be charged to the Daira during 50 years will be 707,465*l.*

In this plan every demand is provided for, even the unforeseen, while it is within the limits indicated by Mr. Cave, and the consolidation is moreover complete.

No. 54.

Major-General Stanton to the Earl of Derby.—(Received April 15.)

My Lord, *Cairo, April* 8, 1876.

I HAVE the honour to forward herewith to your Lordship the copy of a Decree which has been published this morning, announcing the resolution of the Egyptian Government to defer for three months the payment of Treasury bills and assignations falling due in the months of April and May.

This Decree has caused considerable perturbation on the Alexandrian Bourse, but it may be hoped that its result will not prove so disastrous as appears to be anticipated, and that some workable plan may now be fonnd for the consolidation of the whole of the Egyptian debt on terms satisfactory to the creditors, and not too onerous for the resources of the country.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 54.

LE Gouvernement du Khédive s'occupant en ce moment d'une combination financière destinée à régler la Dette Egyptienne, le Conseil des Ministres, dans sa séance de ce jour, a décidé que le paiement des bons et assignations échéant dans les mois d'Avril et Mai, 1876, sera prorogé à trois mois qui courront de la date des bons et assignations, avec intérêt de 7 pour cent l'an.

Après sanction du Khédive cette décision sera publiée par les soins du Ministère des Finances.

Caire, le 6 Avril, 1876.

Décret du Khédive.

(Traduction.)

VU la décision de notre Conseil des Ministres en date de ce jour :

Nous avons décrété et décrétons ce qui suit :

Article 1. Le paiement des bons et assignations échéant dans les mois d'Avril et de Mai est prorogé à trois mois, à courir de la date des bons et assignations, avec intérêt de 7 pour cent l'an.

Art. 2. Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Abdin, le 6 Avril, 1876.

(Cacheté) ISMAIL.

(Translation.)

AS the Khedive's Government is at present giving its attention to a financial combination intended to regulate the Egyptian Debt, the Council of Ministers in its sitting of this day decided that the payment of the bonds and assignments that fall due in April and May 1876 shall be deferred three months from the date of the bonds and assignments, with interest at 7 per cent. per annum.

The Ministry of Finance shall see to the publication of this Decree, after it shall have been sanctioned by the Khedive.

Cairo, April 6, 1876.

Decree of the Khedive.

(Translation.)

In consideration of the decision of our Council of Ministers of to-day's date—

We have decreed, and do decree, as follows :—

Article 1. The payment of the bonds and assignments falling due in April and May is deferred three months from the date of the bonds and assignments, with interest at 7 per cent. per annum.

Art. 2. Our Minister of Finance is entrusted with the execution of this present Decree.

Abdin, April 6, 1876.

(Signed) ISMAIL.

No. 55.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, April* 21, 1876.

HER Majesty's Government have had under their consideration your telegrams of the 17th instant.†

Inform the Khedive that Her Majesty's Government have learned with satisfaction that he proposes to effect an arrangement of his finances on the principles recommended in Mr. Cave's Report, and tell His Highness that in the event of his being able to obtain the means necessary for carrying through a plan for the conversion and consolidation of his debts on a sound basis, Her Majesty's Government will have much pleasure in assisting him by recommending a Commissioner whom he might appoint for the service of the Caisse.

State to His Highness that Her Majesty's Government would request to be informed at as early a date as possible of the precise nature of the arrangement which he expects to make, and they presume that the payment of the Canal Shares annuity will be included in the consolidation.

I am, &c.
(Signed) DERBY.

No. 56

Major-General Stanton to the Earl of Derby.—(Received April 23.)

My Lord, *Cairo, April* 13, 1876.

I HAVE had the honour to receive your Lordship's despatch of the 24th ultimo, transmitting, for my information, copies of despatches upon the subject of the financial affairs of Egypt.

Since the date of those despatches, the financial situation in this country has changed most materially, the final rejection of the proposals made by the French group, with reference to the floating debt and the consequent postponement for three months of all Treasury bills and assignations falling due in April and May, having brought about the position which the Duc Decazes expressed himself to Lord Lyons as so anxious to avert.

This suspension of payment, temporary though it may be hoped to prove, has caused great excitement and indignation amongst the holders of Treasury bills in this country, and the greatest anxiety is felt as to the measures which the Egyptian Government may propose as a remedy for the evil. Nothing has, however, as yet transpired on this subject, beyond the fact that a project for the consolidation of all the State and Daira debts is being elaborated by the Government, and that the French group, who it appears have been given till the 15th instant to present any fresh proposals which they may have to offer, are also on their part endeavouring to prepare an acceptable project for the conversion and consolidation of the debt, as they are now convinced that such an arrangement can alone save the country from its present financial difficulties.

I have, &c.
(Signed) EDWD. STANTON.

No. 57.

Major-General Stanton to the Earl of Derby.—(Received April 23.)

My Lord, *Cairo, April* 14, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 25th ultimo, transmitting copies of despatches respecting the proposed Decree for the establishment of an International Commission for the Egyptian debt, and instructing me to speak to the Khedive in the sense of those despatches so far as the views therein expressed by Her Majesty's Government may be applicable to the communications which I may hold with His Highness on this subject.

I have in my conversations with the Khedive been guided by these instructions of your Lordship, and have given His Highness clearly to understand that Her Majesty's Government would not enter into any arrangement for the nomination of a Commissioner for the service of the debt until they were fully informed of the details of the plan

* Substance telegraphed. † See No. 52.

for the consolidation of the floating debt referred to in the VIth Article of the Draft Convention for the establishment of the Debt Commission, and I have explained to His Highness that the line thus taken by Her Majesty's Government is essentially favourable to Egypt, as they wish, before entering into any arrangement, to satisfy themselves that the scheme involves no injustice to creditors; that it will not throw too heavy a burden on the finances of Egypt; and that it has in it the element of financial success, supposing it to be honestly worked, and I have reason to believe that this explanation has had considerable weight with His Highness, as the Egyptian Government, whilst awaiting till the 15th instant the proposals of the French group, are, as I have already reported to your Lordship, elaborating a scheme for the consolidation of the debt which shall comply with the requirements specified by Her Majesty's Government.

I have, &c.
(Signed) EDWD. STANTON.

No. 58.

Major-General Stanton to the Earl of Derby.—(Received April 26.)*

My Lord, *Cairo, April 17, 1876.*

I HAVE the honour to forward herewith to your Lordship copies of the two documents which were sent to me yesterday by the Khedive, translations of which were forwarded to your Lordship last night by telegraph.

The first of these documents contains the Khedive's proposals for the consolidation of his debts; whilst the second is a draft project for the establishment of a separate "Caisse" for the service of the Public Debt, under the control and management of the Commissioners to be specially nominated by the Khedive, on the recommendation of the Governments who may be applied to for this purpose.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 58.

Proposals of His Highness the Khedive for the Consolidation of Egyptian Debt.

CONSIDERANT que M. Cave, dans son Rapport du 22 Mars, 1876, a exprimé, d'après ses études, et dans l'intérêt général, l'opinion de consolider au pair toutes les dettes du Gouvernement Egyptien et celles de la Daïra de Son Altesse le Khédive, par amortissement dans la période de cinquante ans, avec intérêt de 7 pour cent par an :

Qu'il est vrai que cette opération présente après les dix premières années un déficit provenant, comme le dit le Rapport, d'une diminution considérable dans les revenus :

Que néanmoins il est à espérer qu'en faisant et complétant les travaux publics nécessaires, dans les dix premières années, on puisse arriver à combler le déficit par l'augmentation des revenus, comme il est indiqué dans le Rapport, et payer, par la latitude que les dix premières années pourrait nous laisser sur les revenus, les engagements des travaux publics ci-dessus et ceux contractés :

Pour ces considérations l'opération qui nous est recommandée est acceptable en prenant ces bases, seulement elle doit se faire sur une somme principale de 78,000,000*l.* sterling; cette augmentation de 3,000,000*l.* provient des intérêts et commissions exorbitants que le Gouvernement a dû payer pour le renouvellement des obligations de la dette flottante, de certains frais imprévus, ainsi que des dépenses imprévues pour les expéditions de guerre.

La consolidation doit aussi être faite pour cinquante ans, payable par amortissement.

Une caisse spéciale sous la direction et surveillance des Commissaires sera désignée pour recevoir et faire les payements, et les revenus à ce affectés seront versés intégralement au fur et à mesure de leur entrée, et le Gouvernement Egyptien créera, s'il est nécessaire, une Agence Financière à Londres, selon les conditions qui seront déterminées.

Ainsi donc nous acceptons l'opération de la consolidation indiquée dans le Rapport de la Commission qui a été déléguée par le Gouvernement de Sa Majesté,—Rapport qui a été remis par M. Cave à son Gouvernement, et qui nous a été envoyé par le Gouvernement de Sa Majesté.

* Substance telegraphed.

(Translation.)

CONSIDERING that Mr. Cave, in his Report of March 22, has, after studying the question, and in the general interest, expressed an opinion in favour of consolidating at par all the debts of the Egyptian Government and those of the Daira of His Highness the Khedive, with interest at 7 per cent. per annum and redeemable within a period of fifty years.

That it is true that this operation will cause a deficit after the first ten years, arising, as the Report says, from a considerable diminution in the revenues.

That nevertheless it is to be hoped that by carrying out and completing the necessary public works in the first ten years, it may be possible to meet the deficit by an increase of revenue, as has been pointed out in the Report, and to pay, by the latitude which the first ten years leaves us over the revenues, the execution of the public works contracted for.

For these reasons the operation which is recommended to us may be accepted on this basis, only it must be carried out for a capital sum of 78,000,000*l.* sterling; this increase of 3,000,000*l.* arises from the interest and exorbitant commission which the Government has had to pay for the renewal of the obligations of the floating debt, from certain unforeseen expenses, as well as from unforeseen expenses of warlike expeditions.

The consolidation must also be for a period of fifty years, the redemption taking place by means of a sinking fund.

A special Caisse, under the direction and supervision of the Commission, will be formed to receive and make the payments, and the revenues appropriated to that purpose will be paid in integrally as they are received, and the Egyptian Government will establish, if necessary, a financial agency in London, according to conditions to be determined upon.

Thus we accept the operation of advance indicated in the Report of the Commission which was delegated by the Government of Her Majesty, which Report was presented by Mr. Cave to his Government and transmitted to us by Her Majesty's Government.

Inclosure 2 in No. 58.

Draft of Project for the Establishment of a separate Caisse for the Service of the Public Debt.

LE Khédive d'Egypte désirant conclure un arrangement tant pour la consolidation des dettes de son Gouvernement et de celles de sa Daïra (administration de ses biens privés) que pour la réduction des charges excessives qui résultent de ces dettes;

Et voulant donner un témoignage évident de sa ferme intention d'assurer toutes garanties aux intérêts engagés:

A résolu de nommer des Commissaires étrangers, à l'effet de surveiller et de diriger le fonctionnement d'une caisse spéciale, qui sera chargée du service régulier ainsi que de l'amortissement des dites dettes.

Et il a, en conséquence, demandé aux Gouvernements respectifs de vouloir bien proposer à sa nomination des fonctionnaires aptes à remplir le poste de Commissaires, en qualité de fonctionnaires du Gouvernement Egyptien, dans les conditions suivantes:—

Article 1. Il sera créé une caisse spéciale pour le service des intérêts des dites dettes et pour leur amortissement.

Elle prendra le titre de "Caisse de la Dette Publique d'Egypte."

Art. 2. Cette caisse recevra du Trésor Egyptien toutes les sommes nécessaires pour faire face au service des intérêts et à l'amortissement des dettes, suivant ce qui sera stipulé dans le contrat à intervenir pour la consolidation de ces dettes, et étant bien entendu, dès à présent, qu'il sera tenu compte des revenus déjà affectés pour les emprunts à consolider, y compris ceux de Daïra.

Art. 3. La caisse sus-mentionnée sera surveillée et dirigée par les Commissaires désignés comme il est dit plus haut.

Ces Commissaires seront nommés pour cinq ans.

Leurs fonctions pourront leur être continuées.

A l'expiration des cinq ans, ou en cas de décès ou de démission de l'un d'entre eux, la nomination nouvelle sera faite par le Khédive, suivant ce qui précède.

Ils siégeront au Caisse et fonctionneront sous la présidence de l'un d'entre eux, nommé par le Khédive.

Ils recevront les sommes nécessaire au service ainsi qu'à l'amortissement des dettes,

en conséquence de ce qui est prévu à l'Article 2, et veilleront à ce que ces sommes servent exclusivement à leur destination.

Art. 4. La Caisse de la Dette Publique ne pourra faire aucune opération commerciale ou industrielle.

Art. 5. Le Gouvernement du Khédive ne pourra, sans s'être mis préalablement d'accord avec les Commissaires, introduire dans les impôts spécialement affectés au service des dettes aucun changement ou réduction pouvant avoir pour résultat la diminution des revenus.

Art. 6. Dans le cas où le montant des sommes versées à la Caisse dépasserait le montant des sommes dues pour le service des dettes suivant les engagements du Gouvernement, l'excédant serait remis au Trésor à la fin de chaque année.

Art. 7. Le Khédive s'engage à n'émettre aucun bon du Trésor ni aucun nouveau titre, et à ne contracter aucun autre emprunt, de quelque nature que ce soit.

Cependant, si des raisons d'urgence nationale le plaçaient dans la nécessité de recourir au crédit, il pourrait le faire, mais dans la limite de ses stricts besoins, et de manière à ce qu'aucune entrave ne soit apportée ni aucune diversion faite dans le versement et l'affectation des sommes destinées à la Caisse de la Dette Publique.

Le Khédive s'engage, d'ailleurs, à ne contracter des emprunts tout exceptionnels qu'après s'être mis d'accord avec les Commissaires.

Art. 8. Pour mieux assurer l'exécution des conditions relatives à leurs fonctions, les Commissaires pourront recourir aux nouveaux Tribunaux en cas de différends à propos de cette exécution.

Art. 9. Le Gouvernement du Khédive conserve l'entier faculté d'établir une Banque Nationale, dans le but de régulariser et de faciliter les paiements et les rentrées ou les sorties du Trésor ; mais sans que cet établissement puisse servir en aucun cas à l'émission de papier monnaie ou billet de banque, qui est formellement interdite.

(Translation.)

THE Khedive of Egypt, wishing to conclude an arrangement, both for the consolidation of the debts of his Government and of those of his Daira (administration of his private property), as well as for the reduction of the excessive charges which result from these debts;

And wishing to give an evident proof of his firm intention to ensure every guarantee to the interests involved:

Has resolved to nominate foreign Commissioners, with a view to superintend and direct the working of a Special Caisse, which shall be entrusted with the regular service and sinking fund service of the said debts.

He has consequently requested the respective Governments to propose for his nomination functionaries fit to fill the post of Commissioners, in the quality of functionaries of the Egyptian Government, and under the following conditions :—

Article 1. A Special Caisse shall be created for the service of the said debts, and for their redemption.

This Caisse shall be called "Caisse de la Dette Publique d'Egypte."

Art. 2. This Caisse will receive from the Egyptian Treasury all the sums necessary to meet the service of the interests and sinking fund of the debts, according to that which will be stipulated in the contract to be made for the consolidation of these debts, and it being well understood from henceforth that the revenues already assigned to the loans to be consolidated, including those of the Daira, will be carried to the account.

Art. 3. The aforesaid Caisse will be superintended and directed by the Commissioners selected, as has been stated above.

These Commissioners will be nominated for five years.

They may be continued in the discharge of their functions.

At the expiration of the five years, or in case of the decease or resignation of one of them, the new nomination shall be made by the Khedive, in accordance with what precedes.

They shall sit at Cairo, and shall work under the presidency of one of their number, who shall be named by the Khedive.

They will receive the sums necessary for the service and redemption of the debts, in consequence of what is provided in Article 2, and will take care that these sums are exclusively applied to their destination.

Art. 4. The Caisse of the Public Debt cannot embark in any commercial or industrial undertaking.

Art. 5. The Government cannot, without a previous understanding with the Com-

missioners, introduce into the taxes specially assigned to the service of the debts, any change or reduction which might produce a diminution of the revenues.

Art. 6. In case that the total of the sums paid into the Caisse should exceed the total of the sums due for the service of the debts according to the engagements of the Government, the balance shall be restored to the Treasury at the end of every year.

Art. 7. The Khedive engages not to issue any Treasury Bond, nor any other new stock, and to contract no other loan, of any kind whatsoever.

Nevertheless, if reasons of national urgency compel him to have recourse to credit, he may do so, but within the limits of strict necessity, and so that no hindrance occurs and no diversion is made in the payment and assignment of the sums destined for the Caisse of the Public Debt.

The Khedive engages, moreover, not to contract these very exceptional loans without previous agreement with the Commissioners.

Art. 8. In order the better to insure the execution of the conditions relative to their functions, the Commissioners may have recourse to the new Tribunals, in case differences should arise respecting their execution.

Art. 9. The Government of the Khedive retains the entire right of establishing a National Bank with a view to regularising and facilitating the payments and receipts and outgoings of the Treasury; but without this establishment being in any case able to issue paper-money or bank notes, which is formally forbidden.

No. 59.

Major-General Stanton to the Earl of Derby.—(Received April 29.)

My Lord, *Cairo, April* 18, 1876.

I HAVE the honour to forward herewith, for your Lordship's consideration, the copy of a Memorial signed by a number of the most influential British residents in Alexandria, holders of Egyptian securities, who consider that their interests are seriously compromised by the Decree of His Highness the Khedive, postponing for three months the payment of the bonds of the floating debt falling due in the months of April and May of this year, and who, fearing that the measure may be but the precursor of further arrangements affecting the whole financial obligations of Egypt, pray that Her Majesty's Government will interfere for the protection of British interests, and submit for their consideration certain suggestions set forth in the Memorial.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 59.

Messrs. Barker and Co. and others to Major-General Stanton.

Sir, *Alexandria, April* 14, 1876.

WE, the undersigned British subjects, residing in Egypt, holders of Egyptian securities, have the honour of addressing you, in order to solicit your good offices for the protection of our interests, which are seriously compromised by the Decree of His Highness the Khedive postponing for three months the payment of all bonds of the floating debt falling due in the months of April and May next.

While reserving all our rights in respect of this Decree, we fear that the measure will be but the precursor of further arrangements affecting the whole financial obligations of Egypt, and we therefore venture to pray that Her Majesty's Government will interfere for the protection of British interests; and we beg most respectfully that you will lay before them, for their serious consideration, the following fair and reasonable requests, viz.:—

1. That an International Commission be formed by Her Majesty's Government, in conjunction with the other European Powers, and His Highness the Khedive, having for its object to insure the carrying out in an efficient manner of the financial measures that may be adopted with their co-operation and concurrence.

2. That before such Commission the holders of Egyptian securities shall be represented by delegates, whose opinion shall be heard before any measures are finally agreed upon.

In conclusion, we respectfully solicit your kind assistance in accelerating as much as possible the realization of our wishes, as delay, in the present critical state of affairs,

cannot fail to be attended with serious loss to us and to numerous creditors of the Egyptian Government in England.

We are, &c.
(Signed) BARKER AND Co.
(And 32 others).

No. 60.

Major-General Stanton to the Earl of Derby.—(Received April 29.)

My Lord, *Cairo, April 20, 1876.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 7th instant, transmitting, for my information, copies of despatches upon the subject of Egyptian finance.

My telegrams will have informed your Lordship of the actual situation of affairs in this country, and of the desire of the Khedive to enter into an arrangement for the consolidation of all the State and Daira debts, upon the basis specified in Mr. Cave's Report, with a Commission to superintend the receipts and payments of the revenues allotted to the service of the debt, and His Highness is waiting with considerable anxiety to know whether his proposals meet with the approval of Her Majesty's Government, and whether he may hope for any support from them in effecting the necessary arrangement for this consolidation.

I have, &c.
(Signed) EDWD. STANTON.

No. 61.

Major-General Stanton to the Earl of Derby.—(Received May 3.)*

My Lord, *Cairo, April 24, 1876.*

WITH reference to my telegram of yesterday morning, conveying the translation of the reply sent me by the Khedive to the communication which I had made to His Highness on the 22nd of your Lordship's telegram of the 21st instant, I have now the honour to forward to your Lordship a copy of the reply in question which reached me about 11 P.M. on the evening of the 22nd.

From this reply your Lordship will perceive that the Khedive still trusts that English capitalists may be induced to come forward to find the means necessary for the conversion and consolidation of his debts on the basis of Mr. Cave's proposal, and I have reason to believe that His Highness has instructed Mr. Rivers Wilson to place himself in communication with certain of these capitalists, with a view to ascertain whether or no there is any serious prospect of his proposals being accepted by them.

His Highness is naturally most anxious that such should be the case, from his conviction that, if the operation is undertaken in the manner suggested, public confidence in Egyptian finance would speedily be restored, and he shrinks from the alternative of the forced conversion to be carried out by decree, knowing that such a step must necessarily meet with serious opposition from the holders of Treasury bills, and especially from the French, who would undoubtedly be the greatest sufferers from such an operation.

The Pastré group are still working at a combination which may save their interests, but the Khedive is, I believe, sufficiently alive to the necessities of the case not to be led to accept any arrangement which shall secure a preference for the holders of the floating debt, to the detriment of the holders of the funded debts secured on the revenues of the country.

Great anxiety undoubtedly exists amongst the bondholders in this country as to the arrangement which the Government may make, and as the credit of many commercial establishments, which depend upon the regular payment of these Treasury bills, is most seriously menaced, such bills being at the present moment hardly negotiable upon any terms; the necessity for an immediate arrangement is consequently urgent, and the Khedive, unless supported by reasonable proposals from abroad, will be obliged by circumstances to carry out the forced conversion referred to in his reply to Her Majesty's Government.

I have, &c.
(Signed) EDWD. STANTON.

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* Substance telegraphed on 23rd.

Inclosure in No. 61.

Note from His Highness the Khedive.

Caire, le 22 *Avril,* 1876.

LE Khédive remercie le Gouvernement de Sa Majesté pour le bienveillant intérêt qu'il porte à l'Egypte, et dont il trouve le haut témoignage dans la décision que le Gouvernement de Sa Majesté a prise, et que le Général Stanton a aujourd'hui communiquée au Gouvernement Egyptien pour la désignation du Commissaire à la nomination du Khédive.

Le Gouvernement du Khédive, tout en remerciant le Gouvernement de Sa Majesté de cette décision, prie en outre le Général Stanton de vouloir bien porter à la connaissance du Gouvernement de Sa Majesté que dans le cas où des propositions de la part des financiers Anglais pour amener une solution satisfaisante, telle que le promettait la dépêche communiquée au Gouvernement Egyptien avant l'arrivée de M. Wilson, n'étaient pas faites pour l'exécution du projet premièrement envoyé au Gouvernement de Sa Majesté sur sa demande, et dernièrement approuvé par lui, et dans le cas aussi où les négociations qui viennent d'être engagées, par l'intermédiaire de M. Wilson, n'aboutiraient pas, le Gouvernement serait obligé de faire l'opération de la consolidation forcée de toutes les dettes Egyptiennes.

La consolidation forcée nous sera alors imposée par la situation où nous nous trouverions si notre projet n'est pas exécuté par des financiers.

Le Gouvernement du Khédive déclare qu'il désire la consolidation suivant le projet de M. Cave, il considère cet arrangement accompagné des garanties offertes par la création de la Caisse de la Dette Publique, et des attributions accordées dans le projet de Decret de cette caisse, comme étant la seule solution qui ait le mérite de donner aux intérêts engagés toute satisfaction possible actuellement.

Le Gouvernement Egyptien regrettera beaucoup si ce projet avec les garanties y attachées ne s'exécutaient pas, de recourir au moyen de faire une consolidation forcée.

Alors l'intérêt fixé dans le projet d'arrangement présenté par nous au Gouvernement de Sa Majesté devra nécessairement être réduit par l'obligation où nous nous trouverons d'augmenter la somme afin de créer des ressources pour faire face soit à nos engagements de courtes échéances, soit aux conséquences diverses que l'opération forcée doit nécessairement exiger.

(Translation.)

THE Viceroy thanks Her Majesty's Government for the kind interest which they take in Egypt, of which he finds a marked proof in the decision taken by them, and communicated this day to the Egyptian Government by General Stanton, with respect to the nomination of a Commissioner for appointment by the Viceroy.

The Government of the Viceroy, while returning their thanks for this decision, request General Stanton to be so good as to acquaint Her Majesty's Government that in case the proposals on the part of English capitalists for bringing about a satisfactory solution, as the despatch communicated to the Egyptian Government before Mr. Wilson's arrival promised, are not made for the execution of the scheme recently communicated to Her Majesty's Government at their request and recently approved of by them, and in case also the negotiations now undertaken through the medium of Mr. Wilson come to nothing, the Egyptian Government will be obliged to undertake the operation of a forced consolidation of all the Egyptian debts.

A compulsory consolidation will thus have been forced upon us, owing to the position in which we shall be placed if our project is not taken up by capitalists.

The Government of the Viceroy declare that they desire a consolidation upon the basis of Mr. Cave's proposal; they consider that arrangement, accompanied by the guarantees afforded by the establishment of the Caisse for the public debt and the conditions provided for its management, as the only solution which has really the advantage of giving every possible satisfaction both to the Egyptian Government and to the interests involved.

The Egyptian Government will much regret, should this project, with its accompanying guarantees, not be carried out, to be obliged to have recourse to the expedient of making a forced consolidation.

Under those circumstances, the rate of interest stipulated in the project submitted by us to Her Majesty's Government must necessarily be reduced in consequence of the necessity we should be under of increasing the amount of the debt in order to create resources to meet our engagements at shorter dates, and also the various charges which the forced operation necessarily demands.

No. 62.

Major-General Stanton to the Earl of Derby.—(Received May 10.)*

My Lord, *Alexandria, April 30, 1876.*

I HAVE the honour to forward herewith to your Lordship a copy of the note from the Egyptian Government, the translation of which was sent by telegraph on the 28th instant, and which contains the details of the scheme proposed by the French group for the consolidation of the Egyptian debts.

I am unable to offer your Lordship any explanation of the figures given in this document, which appear to me rather confused, and have requested Mr. Rivers Wilson to endeavour to obtain for me some explanation of the paragraph relating to the floating debt, as also of the manner in which the total amount of the debt is arrived at.

In this scheme, as your Lordship will perceive, an attempt is made to equalize the values of the several classes of the debt, the long date loans being taken for conversion at par, those of short dates at a premium of 5 per cent., and the Treasury bills forming the floating debt, at a premium of 25 per cent. with certain deductions from such as were issued at a rate exceeding 12 per cent., and the whole value of the scheme appears to me to depend upon the question as to whether the proportion of the new stock to be allotted to the different classes of the debt is a fair proportion.

The operation can hardly be considered too onerous for the Egyptian Treasury, as during the first ten years it shows a surplus of revenue of about 1,000,000*l.* ; and though the means proposed by the Government to remedy the deficit which will be caused in the year 1886, by the cessation of the Moukabala, may be open to objection, there is reason to believe that the development of the resources of the country, which can hardly fail to follow an improved administrative organization, will allow of fresh sources of revenue being opened by the Government at that date; and under these circumstances, all hope of assistance from English capitalists having failed, it is to be desired, in the interest of the creditors as well as of the Government, that this operation, or, if considered more equitable, one of a similar nature with amended rates for the consolidation of the different classes of debts, may be accepted with the least possible delay, so as to allay the anxiety which presses most severely upon the commercial classes in this country, pending an arrangement for the payment of the Treasury bills forming the floating debt.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 62.

Note from Egyptian Government setting forth the Proposal of the French Group for the Consolidation of the Egyptian Debts.

LE groupe de Paris, à la suite des pourparlers qu'il a eu avec M. le Ministre des Finances, propose l'unification de toute la dette Egyptienne, Gouvernement et Daïra, amortissable en soixante-cinq ans, avec intérêt de 7 pour cent l'an, sur les bases suivantes :—

Le chiffre total de la dette s'élève à 77,000,000*l.*, en y comprenant la somme que le Gouvernement a dû payer pour les frais de la guerre d'Abyssinie, et pour certain autre frais.

Cette dette se divise ainsi :—

50,281,938*l.* solde restant à ce jour des emprunts réguliers, moins ceux de courte échéance; 26,718,062*l.* montant des bons qui forment la dette flottante. Dans cette somme se trouve comprise celle de 3,000,000*l.* moins le chiffre d'un million.

Nous désirons, dans le but de mettre l'égalité entre les porteurs des bons et ceux des emprunts, tout d'abord faire subir aux bons qui ont benéficié de plus de 12 pour cent par an, une diminution qui les ramenerait au taux légal de 12 pour cent, en prenant pour base les registres du Ministère des Finances, et ensuite leur allouer sur le montant restant des bons, 7 pour cent sur quatre-vingt.

La différence de ce chef s'élève à 6,679,500*l.*

Le Gouvernement a dû anticiper sur les revenus de l'année une somme de 5,000,000*l.* pour faire face à ses obligations, à ce qu'il doit pour les comptes courants et pour les frais de la guerre.

* Substance telegraphed.

Le groupe de Paris verse cette somme au Gouvernement, et reçoit en échange, et à titre de dépôt des titres de la nouvelle opération, au taux de 70.

Cette consolidation devant embrasser toutes les dettes de l'Egypte, sans distinction aucune, il y a lieu d'ajouter la somme de 4,511,212*l.*, montant des emprunts de courte échéance, plus de 5 pour cent sur le montant total soit 225,560*l.*, aux fins par ce moyen d'établir une égalité avec les emprunts de longue durée.

Ainsi le chiffre total de la dette s'élève en tout à 90,366,272*l.*

Cette dette amortissable en soixante-cinq ans, à 7 pour cent d'intérêt par an, donne une annuité de 6,384,000*l.*, de laquelle somme il convient de déduire 684,411*l.*, annuité à la charge de la Daïra, reste par suite 5,699,589*l.*

Après les dix ans, les revenus de l'Etat diminuant, le Gouvernement Egyptien a déjà pensé de combler le déficit que présenterait une telle diminution par les moyens remarqués par M. Cave dans son Rapport.

1. En mettant les terrains échouryés au niveau des héragiés, cette imposition donnerait à l'Etat un surplus dans les revenus de 700,000*l.*

2. En mettant en vigueur le Décret du droit territorial, dont l'exécution a été retardé en considération de la mokabala.

Ces deux moyens, considérés dans leur résultat, ne sont pas une lourde charge pour la population ; en ce que le premier moyen établit l'égalité entre tous les propriétaires des terres, et le second ne peut être une charge, ou qu'après ce terme il y aura une diminution provenant de l'extinction de la mokabala, soit 3,040,000*l.*, de sorte que ces terres seraient dégrévées de 2,000,000*l.*

Quoique le Gouvernement Egyptien n'a aucune préférence pour le projet du groupe Français, il le trouve pourtant d'une exécution possible, tandis que tout en désirant le projet de M. Cave, le Gouvernement trouve que ce projet n'est faisable qu'autant que des financiers se chargerait de son exécution, et malheureusement jusqu'à ce jour nous n'avons eu aucune réponse satisfaisante, et toutes les démarches faites par le Gouvernement Egyptien par l'intermédiaire de M. Wilson n'ont abouti à aucun résultat, et comme le retard de la solution de cette opération ne peut que porter de graves préjudices, nous nous trouvons forcés de la conclure un moment plutôt.

(Translation.)

THE Paris group, after the consultation which they have had with the Minister of Finance, propose the unification of all the Egyptian debts, Government and Daira, redeemable in sixty-five years, with interest at 7 per cent., on the following basis :—

The total of the debt amounts to 77,000,000*l.*, including the sum which the Government have had to pay for the expenses of the Abyssinian war, and for certain other charges.

This debt is composed as follows :—

50,281,938*l.*, the amount remaining of the regular loans, not including those repayable at short dates.

26,718,062*l.*, amount of the bonds forming floating debt. (In this sum is comprised that of 3,000,000*l.*, less the amount of 1,000,000*l.*)

We are desirous, with a view to arrive at an equality between the holders of the bonds and those of the loans, first of all to make a deduction from those bonds, which have derived a benefit of more than 12 per cent. per annum which shall reduce them to the legal rate of 12 per cent., taking the registers of the Ministry of Finance as a basis, and then to allow them on the amount remaining 7 per cent. on 80.

The difference on this head amounts to 6,679,500*l.*

The Government has been obliged to anticipate on the revenues of the year the sum of 5,000,000*l.* to meet its obligations which it owes for current accounts and for the expenses of the war.

The Paris group pay this amount to the Government, receiving in exchange, as a deposit, stock of the new operation, at the rate of 70.

As this consolidation should include all the debts of Egypt, without exception, it is necessary to add the sum of 4,511,212*l.*, the amount of the short date loans, plus 5 per cent. on this amount, viz., 225,560*l.*, in order to establish by this arrangement an equality with the loans of longer duration.

Thus, the total of the debt amounts to 90,366,272*l.*

This debt, redeemable in sixty-five years at 7 per cent. interest, produces an annuity of 6,384,000*l.*, from which amount it is necessary to deduct 684,411*l.*, the annuity at the charge of the Daira ; there remains therefore 5,699,589*l.*

As the revenues of the State will diminish after ten years, the Egyptian Government

has already thought of meeting the deficit which this diminution will present, by the means noted by Mr. Cave in his Report.

1. By placing the lands "Onchoury" on the same footing as the "Kharcidgis." This impost will give to the State an increased revenue of 700,000*l.*

2. By putting in force the Decree of a territorial tax, the execution of which has been delayed in consideration of the "Moukabala."

These two methods, considered in their results, are not a heavy charge on the population, insomuch as the first establishes equality amongst the landowners, and the second cannot be a charge, as after that date there will be a diminution resulting from the extinction of the "Moukabala" of 3,040,000*l.*, so that the charge on these lands will be diminished by 2,000,000*l.*

Although the Egyptian Government has no preference for the project of the French group, they find it, nevertheless, possible of execution. At the same time, whilst desiring the project of Mr. Cave, the Government finds that this project is only feasible provided some capitalists will undertake its execution, and, unfortunately, up to the present, we have no satisfactory reply, and all the steps taken by the Egyptian Government through Mr. Wilson have produced no result; and, as any delay in the solution of this operation must be seriously prejudicial, we find ourselves forced to conclude it at the earliest moment.

No. 63.

*The Earl of Derby to General Stanton.**

Sir, *Foreign Office, May 5, 1876.*

THE note of the Viceroy, which was forwarded in your telegram of the 28th of April, shows, when compared with Mr. Cave's report, an apparent increase of liabilities to the amount of 9,000,000*l.*

Liabilities, according to the telegram, amount, omitting the cost of conversion, to 86,470,000*l.*

Liabilities, according to Mr. Cave, omitting the cost of conversion, amount to 77,575,000*l.*

This is very serious, and Her Majesty's Government can offer no opinion upon any proposal until this increase is explained.

I have, &c.
(Signed) DERBY.

No. 64.

The Earl of Derby to Mr. Adams.

(Extract.) *Foreign Office, May 5, 1876.*

THE French Ambassador called on the Chancellor of the Exchequer on the 24th ultimo, at my request, as I was not able to see his Excellency.

He read to Sir Stafford Northcote a confidential letter from the Duc Decazes, referring to the scheme, of which a copy was inclosed in your despatch of the 15th ultimo, which, in accordance with my request, he had had put in writing, and wishing to know my opinion of it. The Duc said, "de ce qu'il pouvait démêler" out of all the rumours which were afloat, he gathered that I had taken some step to prevent the Khedive following up his first act of repudiation by more acts in the same direction. This he thought satisfactory; he hoped the two countries would act together, and deplored the rivalry which had prevailed.

M. d'Harcourt explained to Sir Stafford Northcote that the French Government did not mean to bind itself to the particular proposals of the new scheme, but only to suggest it as a basis for discussion. He mentioned in the course of conversation that it had been drawn up by M. de Soubeyran.

Sir Stafford told the Marquis that the first question that occurred to him on looking at the scheme was this:—What was to be the machinery for working it out? Reference was made to a "Caisse d'Amortissement," and also to a system of "contrôle;" but no details were given. The appointment of a Commissioner or Commissioners for the "caisse" was, Sir Stafford thought, a comparatively simple question; but the "contrôle"

* Substance telegraphed.

would be more difficult. M. d'Harcourt said he thought it was essential that there should be an European in a position to control the finances, "and I should say two," he added, "one English and one French."

Sir Stafford Northcote said the next question that occurred to him was whether this scheme was to be worked by the aid of capitalists, or by a forced conversion; adding that if the latter were contemplated it would be very awkward for foreign Governments to advise such a step. M. d'Harcourt said, he understood that the conversion was to be voluntary. Sir Stafford asked what would happen if any individual bondholder, or any number of bondholders, declined to accept the terms; if there were funds forthcoming out of which dissentients could be paid off, well; but if not, what was to be done? His Excellency did not directly answer this, but repeated that it was intended that the conversion should be voluntary. He ultimately said he would ask how this was to be.

Sir Stafford Northcote went on to make some remarks on the details of the scheme, and asked the Marquis what was the meaning of the proposal as to the floating debt, and whether it meant that for every 400 fr. of debt an annuity was to be created which would repay 500 fr. with interest at 7 per cent. in 50 years; and if so, whether that was a proposal which would be fair, as compared with those for the funded debt.

He also asked his Excellency whether it was quite fair to convert the loans of short date on the same terms as those of long date. His Excellency took a note of this also, and said he would let him know when he received answers to his questions.

On the 28th instant, just before the levée, Sir Stafford Northcote received from the Marquis a letter and inclosure, copies of which are transmitted herewith; and when he saw his Excellency at the levée he told him that he had not had time to consider it, but that he had been struck by the expression that I had "recommended" a scheme. Sir Stafford said that was an entire mistake, and that I had made no such recommendation. His Excellency said the same thing had struck him also, and that he had meant to draw Sir Stafford's attention to it. He was aware that I had not recommended any scheme, but presumed that what was meant was that I had communicated the scheme to Mr. Wilson, and had asked his opinion on it. To this remark Sir Stafford did not return any answer.

The Marquis said he was delighted to find that there was now a thoroughly good understanding between the two Governments.

Inclosure 1 in No. 64.

The Marquis d'Harcourt to Sir S. Northcote.

Dear Sir Stafford, *April* 28, 1876.

I SEND you the answer which has been given to me to your question and the objections which you made to the financial plan of the Syndicat Français for the arrangement of the Egyptian finance question.

I have been very happy to learn from official and public telegrams that, thanks probably to Lord Derby's instructions, there has been a great alteration in the state of things at Cairo, which the Duke Decazes so much regretted.

M. Outrey says that he is in confidential intercourse with the British Agents, and that they have agreed to make a simultaneous communication to the Viceroy, in order to obtain knowledge of the plan of the "caisse d'amortissement" to make sure that the control will be sufficient.

The Duc Decazes begs me to express to Lord Derby his satisfaction that such mutual confidence should be established between the Agents of the two Governments, and hopes that by their mutual efforts they will be able to obtain an efficacious control which will be decisive in the eyes of the capitalists engaged in this financial negotiation.

Yours very sincerely,
(Signed) D'HARCOURT.

Inclosure 2 in No. 64.

Memorandum inclosed by the Marquis d'Harcourt.

1. THE conversion is imposed by the Egyptian Government, who have requested a considerable number of the holders of Treasury bills to give it their consent, in order that the compulsory character of the operation may appear as little as possible.

2. The holders of Treasury bills, with an average of six months to run, and for

which they paid 100 in cash, will have to accept in payment 7 per cent. bonds at 80, repayable in fifty or sixty-five years. Consequently the holders of Treasury bills are by this arrangement treated much more harshly than any other of the creditors of Egypt, although their bills were the first to mature, and they were in fact only to be repaid the actual sum lent

The holders of Treasury bills will accordingly receive in exchange for the bills for which they paid 100 new bonds for an amount representing an actual market value of 41 or 42 per cent.

The only hope for the holders of Treasury bills who accept the conversion, is in the strong establishment of the "Debt Commission," or of the "Caisse d'Amortissement," and for this it is necessary to obtain the three Commissioners of England, France, and Italy, and for England to obtain the nomination of Mr. Wilson as President of the Commission.

3. In making a comparison between the Treasury bills and the bonds of various loans, of which the redemption is now to be delayed, it will be seen that this conversion only affects the 1873 Loan to the extent of about $\frac{9}{16}$ per cent.

Moreover it is but right to bear in mind the amounts paid by the holders of the various loans. None of the original holders of the Daira or of the consolidated loans ever paid more than 80*l.* for a 100*l.* bond.

Mr. Cave's Report shows that the 1873 Loan only produced 64 per cent. The other Egyptian loans only produced 72, 75, and 77, and yet these loans when issued were to be redeemed in from fifteen to thirty years.

The holders of the Treasury bills have accepted all the combinations proposed by Lord Derby and the Duc Decazes; but in the French Government telegram, which Lord Derby recommends, there is no mention made of the advances for 105,000,000 fr. made to the Khedive, and guaranteed by the Suez Canal Founders' shares, by corn, and by the water dues and octroi of Alexandria.

For these advances he offers bonds at 70 nett, to be taken firm and in settlement.

The entire project, as recommended by Lord Derby, has been accepted with the exception of the above proposal for the reimbursement of the 105,000,000 fr. advances, with respect to which a counter-proposition has been made by the Khedive that the bonds for the repayment of these advances should be sold by the English, French, and Italian Commissioners, who would pay off the said advances.

The Khedive will thus be convinced that there is no desire to make profits out of him on this score.

If the English Government, in conjunction with the French Government, will urge the immediate solution of this question, the Khedive will yield, and everything will be arranged.

Letters from Alexandria and Cairo declare that the Khedive's resources are much greater than what appeared from Mr. Cave's Report, but that at this moment the Khedive's only idea is to make himself appear poor in order to arrange with his creditors on the best terms possible for himself.

No. 65.

Major-General Stanton to the Earl of Derby.—(Received May 6.)

My Lord, *Cairo, April 27, 1876.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 13th instant, transmitting, for my information, the copy of a despatch of the 12th April from Lord Lyons, inclosing a Project for the settlement of the Egyptian debt, unofficially communicated to his Excellency by the Duc Decazes, who considers it well worthy of acceptance.

My telegram of last evening will have informed your Lordship that a similar proposal has been submitted to the Khedive for the consolidation of all the Egyptian debts, including those of the Daira of His Highness, and that the Khedive is disposed to accept this proposal, though it raises the total amount of the debt to 90,000,000*l.* sterling, as provision is made in it for procuring funds for the immediate necessities of the Government.

I am unable to furnish your Lordship with the details of the proposal, which at first sight appears to offer an undue advantage to the holders of the unsecured portion of the debt, by giving them 100*l.* of the new Consolidated Stock for every 80*l.* of the Treasury Bonds, or 25 per cent. more than is offered to the holders of the funded debt, and it

would appear to be especially unfavourable to the holders of the short date loans, which, in Mr. Cave's proposal, are not included in the general consolidation.

It must, however, be admitted that, in the event of these objections being overruled, the scheme shows a surplus of revenue over expenditure of over 1,000,000*l.* sterling for the first ten years calculating the revenue at present rates only, and it is not unreasonable to suppose that, by the year 1886, when the Moukabala will cease, the resources of the country will be sufficient to enable the Egyption Treasury to meet the deficit which, under the present rate of revenue, would occur on the cessation of that arrangement.

The re-organization of the Administration which the Khedive contemplates would alone effect an immense improvement in the condition of the country, and the introduction of a more perfect fiscal system which may be expected from the European financial advisers of His Highness, would undoubtedly enable the Government to collect a larger revenue than at present without unduly pressing on the resources of the inhabitants.

I have, &c.
(Signed) EDWD. STANTON.

No. 66.

Major-General Stanton to the Earl of Derby.—(Received May 6.)

My Lord, *Cairo, April 27, 1876.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 13th instant, referring to the contemplated appointment by the Khedive of Mr. Rivers Wilson to be a Commissioner for the service of the Egyptian Debt, and I beg to inform your Lordship that I have fully explained to the Egyptian Government the views of Her Majesty's Government on the subject, as set forth in your Lordship's despatch above referred to, and in those previously sent for my guidance, and have informed them that Her Majesty's Government cannot at present accept any responsibility for the Commission in connection with Mr. Wilson's appointment on it by the Khedive, though, at the same time, they are far from wishing to interfere with His Highness in any advantage which he may derive from the appointment of that gentleman. I also stated that Her Majesty's Government had felt much pleasure in complying with the Khedive's request for assistance in his financial administration by the recommendation of so able and experienced an officer as Mr. Rivers Wilson, and would gladly see His Highness avail himself of that gentleman's services in any capacity which may be advantageous to the interests of Egypt.

I have, &c.
(Signed) EDWD. STANTON.

No. 67.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May 10, 1876.*

I APPROVE the language which you held to the Egyptian Government on the subject of the contemplated appointment by the Khedive of Mr. Rivers Wilson to be a Commissioner for the service of the Egyptian debt, as reported in your despatch of the 27th ultimo.

I am, &c.
(Signed) DERBY.

No. 68.

*The Earl of Derby to Major-General Stanton.**

Sir, *Foreign Office, May 11, 1876.*

HER Majesty's Government have received no answer to their inquiry as to the reasons for the increase in the debt, *i.e.*, the difference between Mr. Cave's figures and the figures given in your telegram of the 28th ultimo.

Those figures show an unexplained expenditure in round numbers of 4,000,000*l.*, and a further sum of 2,500,000*l.* is required to make up 91,000,000*l.* as under.

* Substance telegraphed.

Telegram of 28th April shows—

	£
Long loans	50,300,000
Short debt	4,500,000
Floating debt	26,700,000
Total	81,500,000

Mr. Cave's Report shows—

	£
Long loans	50,600,000
Short loans	4,700,000
Floating debt	21,200,000
Abyssinian war	1,000,000
Total	77,500,000
Unexplained difference	4,000,000
Cost of operation of new scheme	7,000,000
Add total debt as above	88,500,000

Leaving again an unexplained difference of 2,500,000*l.* to make up the 91,000,000*l.*

There is, therefore, a total unexplained increase of liability to the amount of 6,500,000*l.*, which has accrued apparently within four months, and it indicates a growing deficit of most menacing proportions.

It is not clear to Her Majesty's Government what arrangement the Khedive intends to make about the Moukabala. If its operation is suspended at once without any refund being made to the landowners, an immediate annual deficit of 600,000*l.* will result from the Decree. If the 12,000,000*l.* received from the Moukabala is refunded, it must be added to the debt, and in that case the deficit will amount at least to 1,400,000*l.*

Her Majesty's Government wish to be informed what are the Khedive's intentions in these respects, and of the manner in which His Highness proposes to meet his deficit in either of these cases?

I am, &c.
(Signed) DERBY.

No. 69.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May* 12, 1876.

I HAVE received your despatch of the 18th ultimo, inclosing a copy of a Memorial addressed to you by certain British residents in Alexandria, holders of Egyptian securities, praying for the interference of Her Majesty's Government on their behalf and submitting certain suggestions for consideration.

Her Majesty's Government cannot interfere in the manner requested, and I have to instruct you to reply in courteous terms to the memorial in this sense.

I am, &c.
(Signed) DERBY.

No. 70.

Major-General Stanton to the Earl of Derby.—(*Received May* 12.)

(Telegraphic.) *Cairo, May* 12, 1876.

THE following is a translation of the explanation given me by the Viceroy as to the amount of the debt, viz.:—Debts of the Government and Daira, according to Mr. Cave's Report, 50,281,938*l.*; floating debt, 24,718,062*l.*; total, 75,000,000*l.*, from this has to be deducted the commission of 2,000,000*l.*, which reduces the amount to 73,000,000*l.*

To this sum must be added,—

1st. The 3,000,000*l.* stipulated in our despatch 16th April.

2nd. The amount of short loans 4,511,212*l.*, and the difference paid to these loans which are taken at 95 per cent., 237,450*l.*

3rd. Bonus to the holders of the 1867 Loan, which is at 9 per cent. to reduce it to 7 per cent., 65,000*l.*

4th. Bonus to the holders of bonds—floating debt—taken at 80 per cent., 6,439,515*l.*

5th. Difference for the advance 5,000,000*l.* effective [*sic*], taken at the rate of 65 per cent. against deposit of tithes of consolidated debt, 2,740,000*l.* sterling.

6th. Commission of a $\frac{1}{4}$ per cent. on the nominal amount of general consolidated debt of 91,227,500*l.* sterling.

7th. Stamps, 136,500*l.*

8th. Expenses incurred or to be incurred, service, public difference for the realisation of these expenses, 600,000*l.*; total, 90,947,177*l.*

No. 71.

Major-General Stanton to the Earl of Derby.—(Received May 13.)*

My Lord, *Alexandria, May 6, 1876.*

WITH reference to my telegram, I have the honour to forward herewith to your Lordship a copy of the Decree for the establishment of the "Caisse" for the service of the public debt of Egypt, which has been furnished me by his Excellency Cherif Pasha, the terms and conditions of which have been agreed to by the Egyptian Government and by the representatives of the French group who have undertaken the operation of the conversion of the debt.

I have also the honour to forward to your Lordship the copy of a note which I received last evening from Cherif Pasha, expressing the hope of the Khedive that Her Majesty's Government will on its part indicate the person who will be nominated by the Khedive as a functionary of the Egyptian Government, Commissioner for the "Caisse" public debt, in conformity with the promise contained in a former despatch.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure 1 in No. 71.

Chérif Pasha to Major-General Stanton.

Mon cher Général, *Caire, le 5 Mai, 1876.*

COMME vous l'avez remarqué vous-même dans la copie du Décret qui sera publié demain, et dont j'ai eu l'honneur de vous remettre une copie aujourd'hui même, le paiement des intérêts des actions du Canal est compris dans la somme affectée au service de la dette générale et qui sera versée à la caisse d'amortissement.

Le Khédive espère, mon cher Général, que de son côté le Gouvernement de Sa Majesté voudra bien vous indiquer la personne qui devra être nommée par le Khedive comme fonctionnaire du Gouvernement Egyptien, Commissaire près la Caisse de la Dette Générale, comme il nous a bien voulu le promettre dans une de ses dépêches précédentes.

Veuillez, &c.

(Signé) CHÉRIF.

(Translation.)

My dear General, *Cairo, May 5, 1876.*

AS you have yourself observed in the copy of the Decree which will be published to-morrow, a copy of which I also had the honour of handing to you to-day, the payment of the interest on the Suez Canal shares is included in the sum assigned to the service of the general debt, and which is to be paid into the "Casse d'Amortissement."

The Khedive hopes, my dear General, that on its side Her Majesty's Government will inform you of the name of the person to be nominated by the Khedive as an Egyptian functionary to be Commissioner of the "Caisse" of the general debt, as they were good enough to promise in one of their former despatches.

I beg, &c.

(Signed) CHERIF.

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* Substance telegraphed.

Inclosure 2 in No. 71

Decree.

NOUS, Khédive d'Egypte,

Voulant prendre des mesures définitives et opportunes pour obtenir l'unification des diverses dettes de l'Etat et de celles de la Daira Sanieh, ainsi que la réduction des charges excessives résultant de ces dettes ;

Et voulant donner un témoignage solennel de notre ferme intention d'assurer toute garantie aux intérêts engagés :

Avons résolu d'instituer une Caisse spéciale chargée du service régulier de la dette publique, et de nommer à sa direction des Commissaires étrangers, lesquels ont été sur notre demande indiqués par les Gouvernements respectifs comme fonctionnaires aptes à remplir le poste auquel ils seront nommés par nous en qualité de fonctionnaires Egyptiens dans les conditions suivantes :—

Article 1. Il est institué une Caisse de la Dette Publique chargée de recevoir les fonds nécessaires au service des intérêts et de l'amortissement de la dette, et de les destiner exclusivement à cet objet.

Art. 2. Les fonctionnaires, les Caisses locales, ou les administrations spéciales qui, après avoir recouvré, reçu, ou concentré les revenus spécialement affectées au paiement de la dette, sont ou seront à l'avenir chargés de les verser au Trésor Central ou de les tenir à la disposition des ordonnateurs des dépenses de l'Etat, sont par effet du présent Décret, obligés d'en faire le versement pour compte du Trésor de l'Etat à la Caisse spéciale de la Dette Publique, qui sera à cet égard considéré comme une Caisse spéciale du Trésor.

Ces fonctionnaires, Caisses, et Administrations ne pourront être valablement déchargés que par les quittances qui leur seront délivrés par la dite Caisse de la Dette Publique. Tout autre ordre ou quittance sera sans effet.

Ces mêmes fonctionnaires, Caisses, ou Administrations enverront mensuellement au Ministre des Finances un tableau contenant les recettes ou récouvrements faits par eux directement ou versés par les percepteurs des revenus spécialement affectés à la dette, et les versements faits à la Caisse spéciale de la Dette Publique.

Le Ministre des Finances communiquera ces tableaux à la Direction de la Caisse.

La Caisse de la Dette Publique recevra de la Daira Sanieh la somme intégrale nécessaire au service des intérêts et de l'amortissement du montant de ses dettes unifiées.

Elle recevra également les fonds de l'annuité due au Gouvernement Anglais, et représentant l'intérêt sur les actions du Canal de Suez.

Art. 3. Si les versements des revenus affectés à la dette sont insuffisants pour payer le sémestre, la Caisse spéciale de la Dette Publique demandera au Trésor par le moyen du Ministre des Finances la somme nécessaire pour compléter le paiement de la sémestrialité, le Trésor devra lui verser cette somme quinze jours avant l'échéance.

Si les fonds encaissés laissent un excédant sur le paiement des intérêts et de l'amortissement, la Caisse spéciale de la Dette Publique versera cet excédant à la fin de chaque année, à la Caisse générale du Trésor.

La Caisse de la Dette Publique présentera ses comptes, qui seront examinés et jugés comme de droit.

Art. 4. Les actions qu'au nom et dans l'intérêt des créanciers en grande partie étrangers, la Caisse et pour ses directeurs croiront avoir à exercer contre l'administration financière, représentée par le Ministre des Finances, pour ce qui concerne la tutelle des garanties de la dette que nous avons confiée à la direction de la dite Caisse, seront portées dans les termes de leur juridiction devant les nouveaux tribunaux qui, suivant l'accord établi avec les Puissances, ont été institués en Egypte.

Art. 5. Les Commissaires désignés, comme il est dit plus haut, auront la direction de la Caisse spéciale de la Dette Publique.

Ils seront nommés par nous pour cinq ans et siégant au Caire.

Leurs fonctions pourront être continuées à l'expiration des cinq ans, et en cas de décès ou de démission de l'un d'eux, la nomination nouvelle sera faite par nous dans la forme des nominations primitives. Ils pourront confier à l'un deux les fonctions de Président, lequel en donnera avis au Ministre des Finances.

Art. 6. Les frais de change, d'assurance, et de transport d'espèces à l'étranger, ainsi que commissions pour paiement des coupons seront à la charge du Gouvernement.

Les Directeurs de la Caisse prendront les accords préalables avec le Ministre des Finances pour toutes les opérations ; mais le Ministre décidera si l'expédition des sommes doit être faite en groupe ou par lettres de change.

Art. 7. La Caisse ne pourra employer aucun fond soit ou non disponible, en opérations de crédit, commerce, industrie, ou autres.

Art. 8. Le Gouvernement ne pourra, sans l'avis conforme des Commissaires qui dirigent la Caisse de la Dette Publique, pris à la majorité, porter dans aucun des impôts spécialement affectés à la dette, des modifications qui pourraient avoir pour résultat une diminution de la rente de cet impôt. Toutefois, le Gouvernement pourra affermer un ou plusieurs de ces impôts, pourvu que le contrat de fermage assure un revenue au moins égal à celui déjà existant et conclure des Traités de Commerce portant modifications aux droits de Douane.

Art. 9. Le Gouvernement s'engage à n'émettre aucun bon du Trésor ni aucun nouveau titre, et à ne contracter aucun autre emprunt de quelque nature que ce soit.

Ce même engagement est pris au nom de la Daira Sanieh.

Cependant si, par des motifs d'urgence nationale, le Gouvernement se trouvant dans la nécessité de recourir au crédit, il pourrait le faire dans la limite du strict besoin et sans porter aucun atteint à l'affectation des revenus destinés à la Caisse de la Dette Publique, ni aucune diversion à leur versement ni à leur destination.

Ces emprunts, tout exceptionels qu'ils soient, ne pourront être contractés qu'après l'avis conforme des Commissaires-Directeurs de la Caisse.

Art. 10. Afin que les dispositions du précédent Article ne créent pas d'obstacles à la marche de l'Administration, le Gouvernement pourra établir un compte courant auprès d'une banque pour faciliter ses payements moyennant anticipation à régler sur les recettes de l'année. Le solde actif ou passif en sera réglé à la fin de chaque année. Le découvert de ce compte courant pendant l'année ne pourra jamais dépasser 50,000,000 de francs.

Fait au Caire, le 2 Mai, 1876.

(Translation.)

We, the Khedive of Egypt, desiring to take definitive and opportune measures for obtaining the unification of the different debts of the State and those of the Daira Sanieh, and also desiring the reduction of the excessive charges resulting from these debts, and wishing to bear solemn testimony to our firm intention to secure every guarantee to all persons interested, have resolved to establish a special Treasury charged with the regular service of the public debt, and to appoint to its management foreign Commissioners, who at our request will be indicated by the respective Governments as fit officials to fill the post to which they will be appointed by us in the quality of Egyptian officials, and under the following conditions. Having consulted our Privy Council, we have decreed, and do hereby decree as follows :—

Article 1. A Treasury of the Public Debt is established, charged with receiving the funds necessary for the interest and the redemption of the debt, and with applying them to this object exclusively.

Art. 2. The officials, the local Treasuries, or the special Administrations, after collecting, receiving, or accumulating the revenues specially devoted to the payment of the debt, are or shall be in future charged to pay them into the Central Treasury or to keep them at the disposal of the Intendants of Public Expenditure ("Ordonnateurs des Dépenses de l'Etat"). The Intendants of Public Expenditure are, by virtue of the present Decree, bound to pay these revenues on account of the State Treasury into the special Treasury of the Public Debt, which will be considered in this respect as a special Treasury. These officials, treasuries, and administrations can only procure a valid discharge by means of the vouchers which will be delivered to them by the said "Caisse" of the Public Debt. Any other order or voucher will not be valid. The same officials, treasuries, or administrations will every month send to the Minister of Finance a statement of the receipts or collections made by themselves directly or paid in by the receivers of the revenues specially assigned to the debt and the payments made into the special Treasury of the Public Debt. The Minister of Finance will communicate these statements to the Administration of the Caisse of the Public Debt.

The Caisse of the Public Debt shall receive from the Daira Sanieh the entire sum necessary for the interest and redemption of the amount of its unified Debt. It shall likewise receive the funds for the yearly payment due to the English Government, and representing the interest on the Suez Canal shares.

Art. 3. If the payments of the revenue assigned to the debt be insufficient to meet the half-yearly charges, the special Public Debt Department will demand from the Treasury, through the intermediary of the Minister of Finance, the sum required to complete the half-yearly payments; the Treasury will have to deliver this sum a fortnight before the

payments are due. If the funds in hand constitute a surplus over the amount necessary for the payment of the interest and the sinking fund, the special Treasury of the Public Debt will pay this surplus at the end of each year to the general Treasury of the Exchequer. The Treasury of the Public Debt will submit its accounts, which will be examined and reported upon according to law.

Art. 4. The suits which the Treasury and its Directors, on its behalf, acting in the name and in the interests of the creditors, mostly of foreign nationality, may consider they have to bring against the financial administration represented by the Minister of Finance in so far as regards the guardianship of the guarantees of the debt which we have confided to the said Treasury, will be brought in the terms of their jurisdiction before the new tribunals which, in conformity with the agreement entered into with the Powers, have been instituted in Egypt.

Art. 5. The Commissioners selected as stated above will have the direction of the special Treasury of the Public Debt. They will be appointed by us for five years, and will sit in Cairo. Their functions may be continued after the five years have expired, and in case of the death or resignation of one of them the vacancy will be filled by us in the manner of the original appointment. They may intrust one of themselves with the functions of President, and the latter will notify his nomination to the Minister of Finance.

Art. 6. The cost of exchange, insurance, and conveyance of specie abroad, as well as the commission for the payment of the coupons, will be borne by the Government. The Directors of the Treasury will come to a previous arrangement with the Ministers of Finance with regard to all these operations, but the Minister will decide whether the despatch of these sums is to be effected in specie or by letters of exchange.

Art. 7. The Treasury will not be allowed to employ any funds, disposable or not, in operations of credit, commerce, industry, &c.

Art. 8. The Government will not be able, without an agreement with the majority of the Commissioners directing the Treasury of the Public Debt, to effect in any of the taxes specially devoted to the Debt any changes which might result in a diminution of the revenue from these taxes. At the same time, the Government may farm out one or several of these taxes, provided that the contract entered into insure a revenue at least equal to that already existing, and may also conclude Treaties of commerce introducing modifications in the Customs duties.

Art. 9. The Government undertakes not to issue any Treasury Bonds or any other new bonds, and not to contract any other loan of any nature whatsoever. This same engagement is entered into in the name of the Daira Sanieh. Nevertheless, in case the Government, from urgent national reasons, should find itself placed under the necessity of having recourse to credit, it may do so within the limits of strict necessity, and without doing anything to affect the employment of the revenues set apart for the Treasury of the Public Debt, or to cause their diversion from their destination. These totally exceptional loans can only be contracted after an agreement on the subject with the Commissioners directing the Treasury.

Art. 10. In order that the arrangements stated in the preceding article shall not place obstacles in the way of the Administration, the Government may open a running account with a bank to facilitate its payments by means of anticipations, to be regulated in accordance with the year's receipts. The debit or credit balance will be settled at the end of each year. This current account must never be overdrawn during the year by more than 50,000,000 fr.

Done at Cairo, the 2nd of May, 1876.

(Signed) ISMAIL.

No. 72.

Messrs. Fruhling and Goschen to the Earl of Derby.—(*Received May* 13.)

My Lord, 12, *Austin Friars, London, May* 12, 1876.

IN accordance with the suggestion made by you in your conversation with the Right Honourable G. J. Goschen, yesterday, we beg to inclose two short Memoranda, stating the case of the bondholders of the Egyptian Government Loans of 1862 and 1864, which we issued to the public.

We shall be greatly obliged to your Lordship if you will urge on General Stanton to support our protest, and to point out to the Government of the Khedive how unfairly the holders of the bonds of these loans have been dealt with.

As regards the Loan of 1862, the point of the speedy repayment promised to the bondholders does not arise to the same extent as in the Loan of 1864. However, it would have been paid off had the Khedive kept his engagements in sixteen years from this time, whereas the Loan of 1873 would not have been paid off until twenty-eight years hence.

Notwithstanding this difference, and the more important point that it had a special guarantee of the revenues of the Delta, and practically a first general charge on the whole revenues of the Egyptian Government, no difference whatever is made in favour of this loan.

We accordingly venture to urge on your Lordship to grant us such assistance as you may see fit to render, in excluding, as suggested by the Right Honourable S. Cave in his Report, the 1864 loan from the operation of the Decree just issued by the Khedive, and in securing some recognition of the prior claims of the holders of the Loan of 1862.

We have, &c.
(Signed) FRUHLING AND GOSCHEN.

Inclosure 1 in No. 72.

Memorandum relative to the Egyptian Loan of 1862.

THE Loan of 1862 was a loan with a sinking fund of ·960 per cent., which was calculated to pay off the loan in 1892. 775,800*l.* have been already paid off by the action of this sinking fund; 2,517,000*l.* remain to be paid off.

Especial revenues, viz., the revenues of the Delta, were hypothecated for the due payment of the interest and sinking fund of the loan.

This loan was the first raised in Egypt, when the whole of its revenues were available for the service of it. The special securities pledged as before-mentioned were, in fact, of the nature of a first mortgage. The loan was to be repaid in 1892, whereas the 1873 loan would not have been repaid until 1904. 775,800*l.* of the 1862 Loan, or about 23¼ per cent. of it, have been already paid off, whereas only 2¼ per cent. of the 1873 Loan have been redeemed.

The difference in the estimation in which the public held these two loans, respectively, in consequence of the foregoing facts, is proved by the higher price of the 1862 Loan. On 1st January, 1876, the price of this loan was 78, that of the 1873 Loan, 68, a difference of 10 per cent.

The lowest price reached by the 1862 Loan in 1874 was 78, that by the 1873 Loan, 63, a difference of 15 per cent.

Notwithstanding this, in the Decree just issued by the Khedive, the two loans are treated on the same footing.

(Signed) FRUHLING AND GOSCHEN.

Inclosure 2 in No. 72.

Memorandum relative to the Egyptian Loan of 1864.

THE Loan of 1864 was a loan with a sinking fund of 3·87 per cent., which was calculated to pay off the loan by the end of 1879. 3,807,800*l.* have been already paid off by the action of this sinking fund. 1,896,400*l.* remain to be paid off.

Especial revenues were hypothecated for the due payment of the interest and sinking fund of the loan. They were as follows:—

The revenues of Egypt generally, and especially those of the three provinces of Dekahlieh, Charkieh, and Behera.

It will be observed that the terms as regards speedy repayment were especially favourable. The difference in the public estimation between the 1864 Loan and the 1873 Loan will be apparent from the fact that on 1st January, 1876, the former stood at 88¾, the latter at 68½, a difference of more than 20 per cent. So again the lowest point reached by the 1864 Loan in 1874 was 90, whereas the 1873 Loan fell to 63, a difference of 27 per cent.

The conversion scheme announced by the Khedive's Government puts the 1873 Loan—which, under its contract, would not be paid off till the end of 1903, having a

sinking fund of only 1 per cent—on the some footing with the Loan of 1864, with the exception of a bonus of 5 per cent. to the holders of the latter.

These terms are clearly quite inadmissible. They are also unfair if compared with the terms given to the holders of the unfunded debt.

We protest against the alienation of our securities and the conversion of a loan which would have been paid off in three years' time into a loan repayable only in sixty-five years.

We further protest that if it be impossible to act on the suggestion contained in Mr. Cave's Report, and to pay off this short loan, the difference in the terms granted to the holders of the 1864 Loan is quite inadequate.

(Signed) FRUHLING AND GOSCHEN.

N.B.—The decree does not indicate clearly what is proposed to be done with the revenues hypothecated to the service of the 1864 Loan. Some of them appear by name in the list of securities pledged to the service of the new consolidated loan, but not all.

We have not, however, sufficient data before us to enable us to judge of the precise mode in which these securities will be dealt with. All that is clear is that they are to be diverted from the service to which they were originally and specially devoted.

F. AND G.

No. 73.

Extract of Telegram from Mr. Wilson to Sir S. Northcote.

"*Cairo, May* 13, 1876.

I CANNOT approve scheme on account of heavy burden on taxpayers. I consider addition to debt in the interests of the holders of floating debt unnecessary and unjustifiable. I formally protested against it by letters to Cherif Pasha before the Decrees were issued, and expressed my personal doubts to Viceroy whether Her Majesty Government would send a Commissioner. If, however, Her Majesty's Government adopt a different view, and think right to appoint a Commissioner, I am willing, as I mentioned privately to General Stanton, to undertake the presidency of the Caisse for a limited period, say one year, in order to bring it into working order, if Her Majesty's Government will grant me leave of absence for that period, and subject to a satisfactory arrangement with the Viceroy.

The debt is thus composed:—

50,281,938*l.* funded; 22,718,062*l.* floating; 3,000,000*l.* Abyssinian, renewals, &c.; 4,511,212*l.* small debts; 302,450*l.* premium to holders of small funded loans; 6,439,515*l.* premium to Treasury bill holders; 2,740,000*l.* difference on 5,000,000*l.* of cash on deposit of bonds at 65; 227,500*l.* commission of $\frac{1}{4}$ per cent.; 136,500*l.* stamp duty; 600,000*l.* expenses—total 90,957,177*l.*

Regarding revenue, it is again declared that the action of the Moukabala is wrongly described in Mr. Cave's Report. It is now explained that the Land Tax falls each year as the contributions are paid, and thus reaches its extinction by annual diminution, consequently Land Tax returns this year considerably less than when the Moukabala began.

Returning then to the Land Tax as it stood prior to the Moukabala, plus tax on lands since brought into cultivation, an increase is estimated of over 1,000,000*l.*

The sum repayable for Moukabala, if it is stopped, is 11,758,140*l.*; of this it is stated that 5,469,188*l.* is to be deducted on account of debts due by the villages, and arrears of taxes. Of the balance 5,288,952*l.* will be repaid by an annuity of 7 per cent. for sixty-five years. Balance of 1,000,000*l.* will be repaid in stock of new debt, of which it forms part.

Balance-sheet as now furnished by the Viceroy: Revenue, 9,157,954*l.*; add for re-imposed Land Tax 1,004,972; total, 10,162,926*l.*; deduct service of debt, 5,759,189*l.*; deduct also expenses of Government, 4,028,737; deduct also above-mentioned annuity on account of Moukabala repayment, viz., 374,504*l.*, leaves final surplus of 496*l.*

No. 74.

Major-General Stanton to the Earl of Derby.—(Received May 17.)*

My Lord, *Alexandria, May 8, 1876.*

WITH reference to my telegram of this date, conveying a summary of the Decree issued by the Egyptian Government for the conversion and consolidation of the Egyptian debts, I have the honour to forward herewith to your Lordship two copies of a supplement to the "Moniteur Egyptien," which was published last night, containing the Decree in question, as also the Decree for the establishment of the "Caisse," for the Public Debt.

From this Decree your Lordship will perceive that the Egyptian Government has determined to suspend the operation of the "Moukabala," at the same time granting to those who have made payments on this account the rights and privileges which they would only have acquired definitively after the payment in full of the "Moukabala," and also taking equitable measures either for the restitution of these payments or for a proportional reduction of taxation, though it is not stated what these measures may be.

The total amount of the consolidated debt is set down at 91,000,000*l.* sterling, and the amount annually required for interest and sinking fund at 6,443,600*l.* sterling, and special revenues (including the contribution of 684,411*l.* to be paid by the Daira) amounting together to the sum of 6,475,256*l.*, are set apart for the service of the debt, and these special revenues are to be paid directly into the "Caisse" for the Public Debt, whose receipts are alone to be valid for the payment of these sums.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 74.

Supplement to the "Moniteur Egyptien" of May 7, 1876.

Alexandrie, le 7 Mai, 1876.

Décret.

NOUS Khédive d'Egypte, considérant que les emprunts contractés en 1862, 1864, 1868, 1873, 1865, 1867 et 1870 par le Gouvernement et la Daïra Sanieh, s'élevaient originairement à la somme de 65,497,660*l.* sterling, laquelle se trouve aujourd'hui réduite à 54,793,150*l.* sterling par effet des titres amortis jusqu'à ce jour;

Considérant qu'à cette dette, contractée par des emprunts avec amortissement, vient s'ajouter la dette flottante contractée, tant par le Gouvernement que par la Daïra, pour combler le déficit résultant du défaut d'exécution intégrale du contrat relatif à l'Emprunt 1873, non compris la prévision contenue dans le dit contrat, Article 19, pour l'achèvement des travaux publics déjà en cours d'exécution, ainsi que pour faire face aux dépenses occassionnées par des cas de force majeure et par des calamités publiques;

Considérant que cette dette a été en grande partie contractée par voie d'opérations de crédit qui, s'étant imposées au Gouvernement en temps de crise ou en d'autres circonstances exceptionnelles et urgentes, ont été conclues à des taux onéreux pour le Trésor de l'Etat;

Considérant que pour rendre possible au Trésor et à la Daïra Sanieh de satisfaire ces différentes dettes et pour mieux assurer dans l'avenir les intérêts des créanciers moyennant une mesure conforme aux exigences communes, il a été reconnu opportun et utile d'unifier toutes ces dettes en constituant une dette générale portant intérêt à 7 pour cent et remboursable en soixante-cinq ans;

Considérant que vu le taux d'émission des divers emprunts avec amortissement, les titres relatifs à ces emprunts venant à être unifiés au pair de leur valeur nominale, profitent d'une bonification dont il est juste d'étendre le bénéfice aux porteurs des obligations de la dette flottante de l'Etat et de la Daïra Sanieh, dans une proportion qui établisse autant que possible l'égalité entre tous les créanciers; qu'il est équitable aussi d'accorder aux porteurs des titres des emprunts de 1864, 1865 et 1867, dont les dernières échéances sont prochaines, une compensation au prolongement plus sensible pour eux du délai d'amortissement;

Considérant que l'annuité nécessaire au service de la dette général unifiée s'élevant à 91,000,000*l.* sterling sera de 6,443,600*l.* sterling; mais que pour déterminer la charge grèvera effectivement le budget ordinaire de l'Etat, il faut en déduire la somme de

* Substance telegraphed.

684,411*l.* sterling, contribution de la Daïra Sanieh proportionnelle à l'importance de ses dettes unifiées avec celles de l'Etat; qu'ainsi l'annuité à la charge de l'Etat est de 5,759,189*l.* sterling;

Considérant que l'unification et la consolidation des dettes de l'Etat en une seule dette générale rendent inopportune la continuation du paiement de la Moukabala, par laquelle le Gouvernement se proposait de concourir à l'extinction de la dette flottante moyennant l'anticipation de six annuités de l'impôt foncier;

Considérant que par effet de cette anticipation un des plus importants revenus de l'Etat se trouverait après quelques années considérablement réduit, tandis que dans l'intérêt du Gouvernement et des créanciers de l'Etat ce qu'il faut, c'est que le revenu du Trésor soit assuré de manière à satisfaire aux intérêts et à l'amortissement de la dette publique, ainsi qu'aux dépenses budgétaires;

Considérant que par ces motifs, notre Conseil Privé nous a proposé et nous avons approuvé d'arrêter l'opération de la Moukabala en accordant à ceux qui ont fait des anticipations les droits et priviléges qui leur auraient été définitivement acquis sur la propriété seulement après payement intégral de la Moukabala et en prenant des mesures équitables soit pour la restitution de ces anticipations, soit pour une réduction proportionnelle d'impôts; ce qui aura pour résultat d'éviter une réduction considérable dans un des principaux revenus de l'Etat;

Considérant d'ailleurs que pour la garantie des créanciers il était nécessaire de créer une Caisse spéciale chargée de recevoir le montant des revenus affectés à la dette et d'en faire le service:

Notre Conseil Privé entendu, avons décrété et décrétons:—

Article 1. Toutes les dettes de l'Etat et celles de la Daïra Sanieh résultant des emprunts contractés en 1862, 1864, 1868, 1873, 1865, 1867, et 1870, la dette flottante de l'Etat et la dette flottante de la Daïra Sanieh, comprenant les Bons du Trésor et tous autres titres ou obligations, sont unifiés en une dette générale dont les titres porteront 7 pour cent d'intérêt sur le capital nominal et seront amortissables en soixante-cinq ans par tirages semestriels.

L'unification est faite au pair du taux nominal des titres des anciens emprunts pour les emprunts 1862, 1868, 1870, et 1873.

Les titres de la dette générale seront délivrés à 95 pour cent de leur capital nominal aux porteurs des titres des emprunts 7 pour cent 1864, 1865, et 9 pour cent 1867. Pour ce dernier emprunt, la différence du taux de l'intérêt sera capitalisée en titres au profit des porteurs. A 80 pour cent de leur capital nominal aux porteurs des titres des dettes flottantes de l'Etat et de la Daïra Sanieh sous forme de Bons du Trésor et autres titres ou obligations qui les constituent.

Par effet de cette opération, la dette générale unifiée sera de 91,000,000*l.* sterling en valeur nominale, jouissance du 1 Juillet, 1876.

Art. 2. La dette emprunt et la dette flottante de la Daïra Sanieh s'unifiant avec celle de l'Etat, sous les mêmes restrictions et garanties, la Daïra Sanieh est tenue de verser annuellement à la Caisse de la Dette Publique la somme de 684,411*l.* sterling représentant sa part proportionnelle dans l'annuité totale nécessaire au service de la dette pour intérêts et amortissement.

Art. 3. Les revenus affectés spécialement au service de la dette générale sont:—

	L.S.
Moudirieh de Garbieh	1,201,523
Moudirieh de Menoufieh	714,107
Moudirieh de Behera	424,312
Moudirieh de Siout	732,179
Octrois du Caire	345,389
Octrois d'Alexandrie	173,837
Douanes d'Alexandrie, Suez, Damiette, Rosette, Port-Saïd et El-Arich ..	639,677
Chemins de fer	990,806
Droits des tabacs	264,015
Revenus du sel	200,000
Fermage de Matarieh	60,000
Revenus des Ecluses et droits de navigation sur le Nil jusqu'à Wady Halfa ..	30,000
Pont de Kasr-el-Nil	15,000
	5,790,845
Contribution de la Daïra qui sera payée au fur et à mesure de ses rentrées ..	684,411
Total général des revenus affectés	6,475,256

Art. 4. Les titres de la dette générale unifiée seront de vingt, cent, cinq cents et mille livres sterling avec coupons payables semestriellement.

Le tirage des titres pour l'amortissement semestriel sera fait par les Commissaires Directeurs de la Caisse de la Dette Publique.

Ces titres seront délivrés en échange des titres des anciens emprunts et des titres de la dette flottante aux conditions prescrites dans l'Article 1 du présent Décret.

Art. 5. Un groupe composé de maisons de banque et d'établissements financiers s'est chargé par contrat de l'opération de l'unification de la dette. Des Commissaires Spéciaux du Gouvernement seront nommés par nous pour surveiller l'exécution régulière de ces opérations.

Art. 6. Pour le service de la dette unifiée est créée une Caisse Spéciale dont les statuts sont arrêtés par notre précédent Décret qui doit être considéré comme complément du présent Décret.

Art. 7. Notre Ministre des Finances est chargé de l'exécution du présent Décret.

Fait au Caire, le 7 Mai, 1876.

(Signé) ISMAIL.

Décret.

Nous Khédive d'Egypte voulant prendre des mesures définitives et opportunes pour obtenir l'unification des diverses dettes de l'Etat et celles de la Daïra Sanieh, ainsi que la réduction des charges excessives résultant de ces dettes;

Et, voulant donner un témoignage solennel de notre ferme intention d'assurer toutes garanties aux intérêts engagés;

Avons résolu d'instituer une Caisse Spéciale chargée du service régulier de la Dette Publique, et de nommer à sa direction des Commissaires étrangers, lesquels seront, sur notre demande, indiqués par les Gouvernements respectifs, comme fonctionnaires aptes à remplir le poste auquel ils seront nommés par nous en qualité de fonctionnaires Egyptiens dans les conditions suivantes:—

Notre Conseil Privé entendu, avons décrété et décrétons:—

Article 1. Il est institué une Caisse de la Dette Publique chargée de recevoir les fonds nécessaires au service des intérêts et de l'amortissement de la dette, et de les destiner exclusivement à cet objet.

Art. 2. Les fonctionnaires, les caisses locales ou les administrations spéciales qui, après avoir recouvré, reçu ou concentré les revenus spécialement affectés au paiement de la dette, sont ou seront, à l'avenir, chargés de les verser au Trésor Central, ou de les tenir à la disposition des ordonnateurs des dépenses de l'Etat, sont, par effet du présent Décret, obligés d'en faire le versement, pour compte du Trésor de l'Etat, à la Caisse Spéciale de la Dette Publique qui sera, à cet égard, considérée comme une Caisse Speciale du Trésor.

Ces fonctionnaires, caisses et administrations, ne pourront être valablement déchargés que par les quittances qui leur seront délivrées par la dite Caisse de la Dette Publique. Tout autre ordre ou quittance sera sans effet.

Ces mêmes fonctionnaires, caisses ou administrations enverront mensuellement au Ministre des Finances un tableau contenant les recettes ou recouvrements faits par eux directement, ou versés par les percepteurs des revenus spécialement affectés à la dette, et les versements faits à la Caisse Spéciale de la Dette Publique.

Le Ministre des Finances communiquera ces tableaux à la direction de la Caisse.

La Caisse de la Dette Publique recevra de la Daïra Sanieh la somme intégrale nécessaire au service des intérêts et de l'amortissement du montant de ses dettes unifiées.

Elle recevra également les fonds de l'annuité due au Gouvernement Anglais et représentant l'intérêt sur les actions du Canal de Suez.

Art. 3. Si les versements des revenus affectés à la dette sont insuffisants pour payer le semestre, la Caisse Spéciale de la Dette Publique demandera au Trésor, par le moyen du Ministre des Finances, la somme nécessaire pour compléter le paiement de la semestrialité, le Trésor devra lui verser cette somme quinze jours avant l'échéance.

Si les fonds encaissés laissent un excédant sur le paiement des intérêts et de l'amortissement, la Caisse Spéciale de la Dette Publique versera cet excédant, à la fin de chaque année, à la Caisse Générale du Trésor.

La Caisse de la Dette Publique présentera ses comptes qui seront examinés et jugés comme de droit.

Art. 4. Les actions, qu'au nom et dans l'intérêt des créanciers, en grande partie étrangers, la Caisse et pour elle ses directeurs croiront avoir à exercer contre l'administration financière, représentée par le Ministre des Finances, pour ce qui concerne la

tutelle des garanties de la dette que nous avons confiée à la direction de la dite Caisse, seront portées dans les termes de leur juridiction devant les nouveaux Tribunaux qui, suivant l'accord établie avec les Puissances, ont été institutés en Egypte.

Art. 5. Les Commissaires désignés, comme il est dit plus haut, auront la direction de la Caisse Spéciale de la Dette Publique.

Ils seront nommés par nous pour cinq ans et siégeront au Caire.

Leurs fonctions pourront être continuées à l'expiration des cinq ans, et en cas de décès ou de démission de l'un d'eux, la nomination nouvelle sera faite par nous, dans la forme des nominations primitives. Ils pourront confier à l'un d'eux les fonctions de Président, lequel en donnera avis au Ministre des Finances.

Art. 6. Les frais de change, d'assurance et de transport d'espèces à l'étranger, ainsi que commissions pour paiement des coupons seront à la charge du Gouvernement.

Les Directeurs de la Caisse prendront les accords préalables avec le Ministre des Finances pour toutes ses opérations; mais le Ministre décidera si l'expédition des sommes doit être faite en groupes ou par lettres de change.

Art. 7. La Caisse ne pourra employer aucun fond, soit ou non disponible, en opérations de crédit, commerce, industrie, ou autres.

Art. 8. Le Gouvernement ne pourra, sans l'avis conforme des Commissaires qui dirigent la Caisse de la Dette Publique, pris à la majorité, porter dans aucun des impôts spécialement affectés à la dette, des modifications qui pourraient avoir pour résultat une diminution de la rente de cet impôt. Toutefois le Gouvernement pourra affermer un ou plusieurs de ces impôts, pourvu que le contrat de fermage assure un revenu au moins égal à celui déjà existant, et conclure des Traités de Commerce portant modifications aux droits de Douane.

Art. 9. Le Gouvernement s'engage à n'émettre aucun bon du Trésor ni aucun nouveau titre et à ne contracter aucun autre emprunt de quelque nature que ce soit.

Ce même engagement est pris au nom de la Daïra Sanieh.

Cependant, si par des motifs d'urgence nationale, le Gouvernement se trouvait dans la nécessité de recourir au crédit, il pourrait le faire, dans la limite du strict besoin, et sans porter aucune atteinte à l'affectation des revenus destinés à la Caisse de la Dette Publique ni aucune diversion à leur versement et à leur destination.

Ces emprunts, tout exceptionnels qu'ils sont, ne pourront être contractés qu'après l'avis conforme des Commissaires-Directeurs de la Caisse.

Art. 10. Afin que les dispositions du précédent Article ne créent pas d'obstacle à la marche de l'administration, le Gouvernement pourra établir un compte-courant auprès d'une Banque pour faciliter ses paiements, moyennant anticipations à régler sur les recettes de l'année. Le solde actif ou passif en sera réglé à la fin de chaque année. Le découvert de ce compte-courant pendant l'année ne pourra jamais dépasser 50,000,000 fr.

Fait au Caire, le 2 Mai, 1876.

(Signé) ISMAIL.

(Translation.)

Cairo, May 9.

WHEREAS the loans contracted in 1862, 1864, 1868, 1873, 1865, 1867, and 1870, by the Government and the Daira Sanieh, originally amounted to the sum of 65,497,660*l.* sterling, and are now reduced to 54,793,150*l.* sterling by the redemption of bonds effected up to this day;

Whereas to these debts, contracted by means of loans with sinking funds, there is to be added the floating debt contracted both by the Government and the Daira in order to cover the deficit resulting from the partial non-execution of the contract relative to the Loan of 1833, not including the provision contained in clause 19 of the said contract for the completion of the public works already in course of construction; and also to meet the expenditure occasioned by circumstances beyond human control, and by public calamities;

Whereas this debt has to a great extent been contracted by means of credit operations which, having been forced upon the Government in critical periods or under other exceptional and urgent circumstances, have been concluded on conditions onerous for the State Treasury;

Whereas, in order to make it possible for the Treasury and the Daira Sanieh to satisfy these different debts, and to better secure for the future the interests of the creditors by a measure in conformity with the public exigencies, it has been found opportune and useful to unify all these debts by establishing one general debt, bearing interest at the rate of 7 per cent., and redeemable within sixty-five years;

Whereas, in view of the conditions of issue of the different loans with sinking funds attached, the bonds belonging to these loans, if unified at par of their nominal value, receive a benefit which it is only just to extend to the holders of bonds of the floating State debt and of the Daira Sanieh in a proportion which shall establish as far as possible an equality between all creditors, and it is also equitable to accord to the holders of the 1864, 1865, and 1857 loans, the last payments of which are shortly falling due, a compensation for the relatively greater prolongation of the sinking fund operations;

Whereas the yearly sum necessary for the service of the general unified debt, amounting to 91,000,000*l.* sterling, will be 6,443,600*l.* sterling, but, in order to determine the real charge which will actually be chargeable in the ordinary State Budget, it is necessary to deduct from that sum 684,411*l.* sterling, being the contribution of the Daira Sanieh in proportion to the amount of its debt unified with the State Debt, and thus the annual charge on the State remains at 5,759,189*l.* sterling;

Whereas the unification and the consolidation of the State debts into one general debt make it inopportune to continue the payment of the Moukabalah, by which the Government had intended to arrive at the extinction of the floating debt by anticipating the land tax in six yearly amounts;

Whereas, in consequence of this anticipation, one of the most important revenues of the State would after some years be considerably reduced, while in the interest both of the Government and of the State creditors it is necessary that the revenue of the Treasury be secured, so as to satisfy the interest and the redemption of the Public Debt, and also the Budget expenditure;

Whereas for these reasons our Privy Council has proposed to us, and we have approved, to arrest the operation of the Moukabalah by granting to those who have made anticipatory payments all rights and privileges over the property which they would only have definitively acquired after the full payment of the Moukabalah, and to take equitable measures either for the restitution of these anticipatory payments or for a proportionate reduction of taxes, the result of which will be to obviate a considerable reduction in one of the principal sources of the State revenue;

Whereas, further for the security of the creditors, it has become necessary to establish a special Treasury charged with receiving the amount of revenue devoted to the service of the Debt;

We, the Khedive of Egypt, after consulting our Privy Council, have decreed, and do hereby decree as follows:—

Article 1. All the debts of the State and those of the Daira Sanieh, resulting from loans contracted in the years 1862, 1864, 1868, 1873, 1865, 1867, and 1870, the floating debt of the State, and the floating debt of the Daira Sanieh, including the Treasury bonds and all other bonds or obligations, are unified into a general debt, the bonds of which shall bear interest at the rate of 7 per cent. on the nominal capital, and shall be redeemable in sixty-five years by half-yearly drawings. The unification is effected at par of the nominal amount of the bonds of the old 1862, 1868, 1870, and 1873 Loans. The bonds of the general debt shall be delivered at the rate of 95 per cent. of their nominal capital to the holders of Seven per Cent. bonds of the 1864 and 1865 Loans, and of the Nine per Cent. Loan of 1867. For this latter loan the difference of the per-centage of interest shall be capitalized at the rate of 70 per cent. of the nominal capital, and at the rate of 80 per cent. to the holders of the bonds of the floating debts of the State and the Daira Sanieh, in the form of Treasury bonds or other bonds and obligations which constitute them. By virtue of this operation the general unified debt will amount to 91,000,000*l.* sterling nominal, to bear interest from the 1st of July, 1876.

Art. 2. The loan debt and floating debt of the Daira Sanieh being unified with that of the State under the same restrictions and guarantees, the Daira Sanieh is bound to pay annually into the Treasury of the Public Debt the sum of 684,411*l.* sterling, representing its proportion of the total yearly amount necessary for the interest and sinking fund of the debt.

Art. 3. The revenues specially devoted to the service of the General Debt are:—Mondirieh de Garbieh, 1,201,523*l.* sterling; Mondirieh de Menouieh, 714,107*l.*; Mondirieh de Behera, 424,312*l.*; Mondirieh de Siont, 732,179*l.*; octroi dues of Cairo, 345,389*l.*; octroi dues of Alexandria, 173,837*l.*; import duties of Alexandria, Suez, Damietta, Rosetta, Port Saïd, and El Arich, 639,677*l.*; railways, 990,806*l.*; tobacco dues, 264,015*l.*; salt revenues, 200,000*l.*; the rent of Materieh, 60,000*l.*; sluice revenues and navigation dues on the Nile up to Wadyhalfa, 30,000*l.*; bridge of Kasr-el-Nil, 15,000*l.*—total, 5,790,845*l.* sterling. Contribution of the Daira, which is to be paid immediately upon the money

coming in, 684,411*l.*; general total of revenue devoted to the service of the Unified General Debt, 6,475,256*l.*

Art. 6. The bonds of the General Unified Debt shall be issued in sums of 20*l.*, 100*l.*, 500*l.* and 1,000*l.* sterling, with coupons payable half-yearly. The drawings of bonds for the half-yearly redemption will be effected by the Managing Commissioners of the Treasury of the Public Debt. These bonds shall be delivered in exchange for the bonds of the old loans and the bonds of the floating debt on the conditions prescribed in Article 1 of the present Decree.

Art. 5. A group composed of banking houses and financial establishments has undertaken by contract the operation of the unification of the debt. Special Government Commissioners shall be appointed by us to watch over the regular execution of these operations.

Art. 6. For the service of the Unified Debt a special Treasury is created, the statutes of which are laid down in our preceding Decree, which is to be considered as complementary of the present Decree.

Art. 7. Our Minister of Finance is charged with the execution of the present Decree.

Done at Cairo, the 7th day of May, 1876.

ISMAIL.

Decree.

We, the Khedive of Egypt, desiring to take definitive and opportune measures for obtaining the unification of the different debts of the State and those of the Daira Sanieh, and also desiring the reduction of the excessive charges resulting from these debts, and wishing to bear solemn testimony to our firm intention to secure every guarantee to all persons interested, have resolved to establish a special Treasury charged with the regular service of the public debt, and to appoint to its management foreign Commissioners, who at our request will be indicated by the respective Governments as fit officials to fill the post to which they will be appointed by us in the quality of Egyptian officials, and under the following conditions. Having consulted our Privy Council, we have decreed, and do hereby decree, as follows :—

Article 1. A Treasury of the Public Debt is established, charged with receiving the funds necessary for the interest and the redemption of the debt, and with applying them to this object exclusively.

Art. 2. The officials, the local Treasuries, or the special Administrations, after collecting, receiving, or accumulating the revenues specially devoted to the payment of the debt, are or shall be in future charged to pay them into the Central Treasury or to keep them at the disposal of the Intendants of Public Expenditure ("Ordonnateurs des Dépenses de l'Etat"). The Intendants of Public Expenditure are, by virtue of the present Decree, bound to pay these revenues on account of the State Treasury into the special Treasury of the Public Debt, which will be considered in this respect as a special Treasury. These officials, treasuries and administrations can only procure a valid discharge by means of the vouchers which will be delivered to them by the said Treasury of the Public Debt. Any other order or voucher will not be valid. These same officials, treasuries or administrations will every month send to the Minister of Finance a statement of the receipts or collections made by themselves directly or paid in by the receivers of the revenues specially devoted to the debt and the payments made into the special Treasury of the Public Debt. The Minister of Finance will communicate these statements to the Administration of the Treasury of the Public Debt.

The Treasury of the Public Debt shall receive from the Daira Sanieh the entire sum necessary for the interest and redemption of the amount of its unified debt, and it shall likewise receive the funds for the yearly payment due to the English Government, and representing the interest on the Suez Canal shares.

Art 3. If the payments of the revenue devoted to the debt be insufficient to meet the half-yearly charges, the special Public Debt Department will demand from the Treasury, through the intermediary of the Minister of Finance, the sum required to complete the half-yearly payments; the Treasury will have to deliver this sum a fortnight before the payments are due. If the funds in hand constitute a surplus over the amount necessary for the payment of the interest and the sinking fund, the special Treasury of the Public Debt will pay this surplus at the end of each year to the general Treasury of the Exchequer. The Treasury of the Public Debt will submit its accounts, which will be examined and reported upon according to law.

Art 4. The suits which the Treasury and its Directors, on its behalf, acting in the name and in the interests of the creditors, mostly of foreign nationality, may consider they have to bring against the financial administration represented by the Minister of Finance in so far as regards the guardianship of the guarantees of the debt which we have confided to the said Treasury, will be brought in the terms of their jurisdiction before the new tribunals which, in conformity with the agreement entered into with the Powers, have been instituted in Egypt.

Art. 5. The Commissioners selected as stated above will have the direction of the special Treasury of the Public Debt. They will be appointed by us for five years, and will sit in Cairo. Their functions may be continued after the five years have expired, and in case of the death or resignation of one of them the vacancy will be filled by us in the manner of the original appointment. They may intrust one of themselves with the functions of President, and the latter will notify his nomination to the Minister of Finance.

Art. 6. The cost of exchange, insurance, and conveyance of specie abroad, as well as the commission for the payment of the coupons, will be borne by the Government. The Directors of the Treasury will come to a previous arrangement with the Ministers of Finance with regard to all these operations, but the Minister will decide whether the despatch of these sums is to be effected in specie or by letters of exchange.

Art. 7. The Treasury will not be allowed to employ any funds, disposable or not, in operations of credit, commerce, industry, &c.

Art 8. The Government will not be able, without an agreement with the majority of the Commissioners directing the Treasury of the Public Debt, to effect in any of the taxes specially devoted to the Debt any changes which might result in a diminution of the revenue from these taxes. At the same time, the Government may farm out one or several of these taxes, provided that the contract entered into insure a revenue at least equal to that already existing, and may also conclude Treaties of commerce introducing modifications in the Customs duties.

Art 9. The Government undertakes not to issue any Treasury Bonds or any other new bonds, and not to contract any other loan of any nature whatsoever. This same engagement is entered into in the name of the Daira Sanieh. Nevertheless, in case the Government, from urgent national reasons, should find itself placed under the necessity of having recourse to credit, it may do so within the limits of strict necessity, and without doing anything to affect the employment of the revenues set apart for the Treasury of the Public Debt, or to cause their diversion from their destination. These totally exceptional loans can only be contracted after an agreement on the subject with the Commissioners directing the Treasury.

Art. 10. In order that the arrangements stated in the preceding article shall not place obstacles in the way of the Administration, the Government may open a running account with a bank to facilitate its payments by means of anticipations to be regulated in accordance with the year's receipts. The debit or credit balance will be settled at the end of each year. This current account must never be overdrawn during the year by more than 50,000,000 fr.

Done at Cairo, the 2nd of May, 1876.

(Signed) ISMAIL.

No. 75.

Mr. Lander to the Earl of Derby.—(Received May 18.)

My Lord, *The Imperial Ottoman Bank, London Agency, May* 18, 1876.

I AM instructed by the Committee of this Bank to send you the annexed copy of a telegraphic dispatch, which we sent last night to General Stanton, Her Britannic Majesty's Consul at Cairo, requesting him to do us the favour of notifying to the Egyptian Government our protest against the Khedive's Decree of the 7th of May, 1876, so far as it affects the 9 per cent. Loan of 1867, negotiated by this Bank, and the special security pledged to that loan under the General Bond of 23rd March, 1867. I am also instructed to send your Lordship the accompanying copy of the written protest, which we purpose forwarding to Cairo by to-morrow night's mail.

I have, &c.

(Signed) WM. LANDER, *Secretary.*

Inclosure 1 in No. 75.

Despatch sent to Major-General Stanton by the Imperial Ottoman Bank, London Agency, on the 17th May, 1876.

(Telegraphic.)

WE, as negotiators of the Egyptian 9 per cent. Loan of 1867, request that you will favour us by notifying to the Egyptian Government our protest on behalf ourselves and the holders of the Bonds of the said loan against the Khedive's Decree of 7th May, 1876, and the provisions thereof, which affect the said loan, and divert the special security pledged thereto under bond of 23rd March, 1867. A written protest will be sent by mail of 19th.

Inclosure 2 in No. 75.

Protest.

To the Government of His Highness the Khedive of Egypt.

WHEREAS in 1867 His Highness the Khedive of Egypt raised a 9 per cent loan for 2,080,000*l.*, redeemable in the year 1881, for the purpose of purchasing the properties of His Highness the late Mustapha Fazil Pasha, to the service of which loan His Highness the Khedive, by a bond bearing His Highness' seal and dated the 23rd of March, 1867, specially hypothecated and assigned the revenues of His Highness' Daira and the free revenues of all his private properties.

And whereas, by a Decree, dated the 7th of May, 1876, His Highness the Khedive has ordained the unification of the various debts of the Egyptian Government and of the Daira Sanieh into one 7 per cent. general unified debt, redeemable in sixty-five years (that is, by the year 1941), and by the same Decree has specially hypothecated and assigned, amongst other revenues, an annual sum of 684,411*l.* out of the above-mentioned revenues of His Highness' Daria to the service of the said general unified debt.

And whereas, if effect be given to the said Decree of 7th May, 1876, the annual sum of 684,411*l.* to which the holders of the 9 per cent. loan would otherwise be entitled under the special hypothecation contained in the said Bond of 23rd May, 1867, will be diverted, and in that particular, as well as in other respects, the provisions contained in the said bond will be most seriously and prejudicially affected. Now we, the undersigned, negotiators of the above-mentioned 9 per cent. Loan of 1867, do hereby, on behalf of ourselves and of those who, relying upon the fulfilment of the conditions of the said bond, subscribed the said loan, solemnly protest against the said Decree of 7th May, 1876, and the provisions thereof, as contrary to good faith, and as a breach of solemn engagements entered into with us as such negotiators and with the holders of the bonds of the said loan; and we do hereby further protest all costs, charges, losses, damages, and interests suffered, or which may be suffered, in consequence of the said Decree and the breach of engagement thereby ordained.

London, May 19, 1876.

For the Imperial Ottoman Bank,

(Seal of the Imperial Ottoman Bank.) ..... } *Members of the Committee.*

(Countersigned) Wm. Lander, *Secretary.*

No. 76.

Sir S. Northcote to Mr. Rivers Wilson.

(Telegraphic.) 10, *Downing Street, May* 18, 1876.

GOVERNMENT are sending a despatch conveying their views as to the new schemes. They cannot give their countenance to them, and cannot agree to nominate a Commissioner. Your remaining in Egypt in any capacity would lead to misunderstanding unless you wholly retire from the English service. We cannot give you an extended leave of absence. You can therefore make your arrangements for returning to England as soon as you please.

No. 77.

Lord Tenterden to Messrs. Frühling and Goschen.

Gentlemen, *Foreign Office, May* 19, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 12th instant, inclosing Memorandum on the Egyptian Loans of 1862 and 1864, and requesting the assistance of Her Majesty's Government to obtain the exclusion of the Loan of 1864 from the Decree issued by the Khedive, and to secure some recognition of the prior claims of the holders of the Loan of 1862.

In reply, I am to inform you that copies of your letter, with its inclosures, will be sent to Her Majesty's Agent and Consul-General in Egypt, but his Lordship fears that he can do no more than instruct him to give unofficial assistance to the agents of the persons interested in bringing their representations to the knowledge of the Khedive for His Highness' consideration.

I am, &c.
(Signed) TENTERDEN.

No. 78.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May* 19, 1876.

I TRANSMIT to you, for your information, copies of a correspondence with Messrs. Frühling and Goschen,* who have requested the assistance of Her Majesty's Government to obtain the exclusion from the late Decree of the Khedive of the Loan of 1864, and to obtain some recognition of prior claims of the holders of the 1862 Loan; and, in accordance with the reply returned to them, I have to instruct you to give such unofficial assistance as you properly can to the agents of the parties interested.

I am, &c.
(Signed) DERBY.

No. 79.

Major-General Stanton to the Earl of Derby.—(Received May 22.)

My Lord, *Alexandria, May* 13, 1876.

WITH reference to your Lordship's telegram of the 5th instant,† calling for an explanation of the increase in the Egyptian debt shown in the note from the Viceroy, which was forwarded to your Lordship by telegraph on the 28th April, I have the honour to inclose the copy of a statement which was communicated to me by Cherif Pasha on the 9th instant, showing the various sums which make up the total of the debt, a translation of which was forwarded to your Lordship yesterday by telegraph.

These figures, which differ slightly from those given in the previous statement, make the total of the debt amount to 90,947,177*l.*, or in round numbers to 91,000,000*l.*, the sum mentioned in the Decree published by the Egyptian Government on the 7th instant, for the conversion and consolidation of the debt; and the various items making up this amount are those which have been agreed upon with the French group, who have signed a contract with the Khedive for carrying out this conversion and consolidation.

The 5,000,000*l.* effective referred to in the 5th clause of this statement are, as I understand, the amounts which were advanced by the French group prior to the issue of the decree suspending the payment of the Treasury bills falling due in the months of April and May, for the repayment of which, stock of the new consolidated debt is to be deposited, calculated at the rate of 65 per cent.

I have, &c.
(Signed) EDWD. STANTON.

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* Nos. 72 and 77.

† See No. 63.

Inclosure in No. 79.

Tableau de l'Origine du Chiffre de 91,000,000*l.* sterling Valeur Nominale fixé comme Montant Total de la Dette dans le Décret du 7 Mai, 1876.

	£	£
Dettes totales du Gouvernement et de la Daira conformément au rapport Cave, savoir	50,281,938	
Dettes Flottantes	24,718,062	
		75,000,000
Moins commissions de 2,000,000*l.*, à déduire de la Dette Flottante qui se trouve ramené ainsi à 22,718,062*l.*	..	2,000,000
		73,000,000
A cette somme de 73,000,000*l.* il faut ajouter:—		
1. Les 3,000,000*l.* sterling stipulés dans notre dépêche	3,000,000	
Ce qui porte les Dettes totales du Gouvernement et de la Daira à:—		
Emprunts	50,281,938	
Dettes Flottantes	25,718,062	
		76,000,000
2. Montant des emprunts à courtes échéances	4,511,212	
Différence bonifiée à ces emprunts à raison de 95 pour cent de la valeur nominale des titres de la Dette unifiée	237,450	
3. Bonification aux porteurs de l'Emprunt 1867 qui est à 9 pour cent pour le ramener à 7 pour cent	65,000	
4. Bonification aux porteurs des bons à raison de 80 pour cent de la valeur nominale des titres de la Dette unifiée	6,439,515	
5. Différence pour avance des 5,000,000*l.* effectifs à raison du cours de 65 contre dépôt de titres de la Dette unifiée	2,740,000	
6. Commission de ¼ pour cent sur le nominal de la Dette Générale unifiée, soit 91,000,000*l.*	227,500	
7. Timbre à raison de 1½ pour cent	136,500	
8. Dépenses faites ou à faire, service, publications, et différences pour réalisation de ces frais	600,000	
En total	..	90,947,177

(Translation.)

Statement of the origin of the Amount of 91,000,000*l.* sterling nominal value fixed as the Sum Total of the Debt in the Decree of May 7, 1876.

	£	£
Total debts of the Government of the Daïra, according to Mr. Cave's Report ..	50,281,938	
Floating Debt	24,718,062	
		75,000,000
Less commissions to the amount of 2,000,000*l.* to be deducted from the Floating Debt, which is thus reduced to 22,718,062*l.*	..	2,000,000
		73,000,000
To this sum of 73,000,000*l.* must be added:—		
1. The 3,000,000*l.* stipulated in our despatch	3,000,000	
Which brings the total debts of the Government and of the Daira to:—		
Loans	50,281,938	
Floating Debt	25,718,062	
		76,000,000
2. The amount of short loans	4,511,212	
And the difference paid to these loans which are taken at 95 per cent. of the nominal value of the bonds of the unified debt	237,450	
3. Bonus to the holders of the 1867 Loan, which is at 9 per cent., to reduce it to 7 per cent.	65,000	
4. Bonus to the holders of bonds (Floating Debt) taken at 80 per cent. ..	6,439,515	
5. Difference for the advance of 5,000,000*l.* effective, taken at the rate of 65 per cent. against deposit of bonds of Consolidated Debt	2,740,000	
6. Commission of ¼ per cent. on the nominal amount of General Consolidated Debt of 91,000,000*l.*	227,500	
7. Stamps at the rate of 1½ per cent.	136,500	
8. Expenses incurred or to be incurred, service, publishing expenses, difference for the realisation of these expenses	600,000	
Total	..	90,947,177

No. 80.

Major-General Stanton to the Earl of Derby.—(Received May 23, at night.)

(Telegraphic.) *Cairo, May 23, 1876.*

MR. RIVERS WILSON has requested me to forward following message to the Chancellor of the Exchequer:—

"I intend returning home to resume my official duties. I propose to leave Suez next Saturday for England by Malta and Southampton."

No. 81.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May 23, 1876.*

HER Majesty's Government have carefully considered the projects of Decrees of the 2nd and 7th instant, for the consolidation of the Egyptian Debt.

They have remarked, with much regret, the great increase of liabilities, and the onerous charges with which it is proposed to burden the Egyptian Treasury. They do not consider that the new arrangements promise a satisfactory and final settlement of the Egyptian finances, and they are therefore unable to assume the responsibility of nominating a Commissioner as requested.

You will intimate this decision to the Khedive in friendly and courteous language, and you will add that Her Majesty's Government will forward a full explanation of their views by the next mail.

I am, &c.
(Signed) DERBY.

No. 82.

Mr. Clarke to the Earl of Derby.—(Received May 23.)

Council of Foreign Bondholders, 10 Moorgate Street,
My Lord, *London, E.C., May 22, 1876.*

THE Council of Foreign Bondholders, having received applications for intervention from many important Egyptian Bondholders, have considered it their duty to address the Minister of Finance of Egypt on the subject of the late financial measures.

I have, therefore, the honour to request that Her Majesty's Agent in Egypt may be instructed officially to transmit to the Minister the inclosed letter.

However carefully the details of the measures in question may have been studied by able men, yet they have been constructed in complete disregard of those most interested, and this is fully shown by the general dissatisfaction and opposition now manifested.

One circumstance which is regarded as very serious, is that a Government like that of Egypt, which is of ambiguous constitution and only *quasi* sovereign, the claims of which sovereignty are not recognized by our legal Tribunals, should attempt by arbitrary decrees to alter and cancel contracts, and to divert securities, without reference to the wishes, interests, and feelings of the other contracting parties. An example like this cannot fail to exercise a very prejudicial influence in many cases.

I have, &c.
(Signed) HYDE CLARKE, *Secretary.*

No. 83.

Major-General Stanton to the Earl of Derby.—(Received May 24.)

My Lord, *Alexandria, May 15, 1876.*

I HAD the honour to report to your Lordship last night by telegraph that two Decrees had just been issued by the Khedive the one dated May 11th, instituting a Supreme Council of the Treasury, and the second dated May 14th, nominating Signor Scialoja (who accepts the post temporarily) as President of this Supreme Council; and I have now the honour to forward to your Lordship copies of a Supplement of the "Moniteur Egyptien," published last evening, which contains the Decrees in question.

Your Lordship will perceive from the Decree of the 11th instant that a total

reorganization of the Egyptian Ministry of Finance is about to be effected, and that very extended powers are conferred on the members of this Supreme Council of the Treasury, who have to superintend the collection of the revenues, and are responsible for their proper application.

The appointment of Signor Scialoja as President of this Council is looked upon with general favour, and may be considered as proof that an honest attempt will be made to remedy the defects of the old system, which has brought the finances of the country to the present deplorable condition; and there would appear to be reason for the hope that, under the new system, confidence will be restored, and an end made of the oppressive exactions to which the inhabitants of this country have so long been subjected.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 83.

Supplement to the "Moniteur Egyptien" of May 14, 1876.

Alexandrie, le 14 *Mai,* 1876.

Décret.

NOUS Khédive d'Egypte, notre Conseil Privé entendu, avons décrété et décrétons:

Titre I.—*Institution du Conseil Suprême du Trésor et ses attributions.*

Article 1. Il est institué un Conseil Suprême du Trésor.

Ce Conseil sera divisé en trois sections.

La première aura la dénomination d'Inspection Générale des Revenus et des Caisses de l'Etat.

La seconde celle de Section de Surveillance des Recettes et des Dépenses.

La troisième celle de Section pour le Jugement des Comptes.

Les trois sections fonctionneront séparément ou réunies suivant les cas et les modes prévus par le présent Décret.

Art. 2. La première section sera chargée de l'inspection de la Trésorerie centrale et de la surveillance de sa comptabilité.

Cette inspection et cette surveillance s'étendront à toute autre caisse qu'on pourra établir pour quelque service spécial.

La section, ou celui de ses membres qui sera délégué par elle, aura la faculté de prendre en tout temps connaissance de l'état de ces caisses et d'en vérifier les écritures.

Les rapports des Inspecteurs chargés par le Ministre des Finances de l'inspection des autres caisses et des caisses de perception seront communiqués par lui au Conseil Suprême.

Cette section surveillera l'exacte rentrée de tous les revenus et l'exécution rigoureuse de leur emploi.

Tout abus ou irrégularité sera par eux dénoncé au Conseil Suprême et poursuivi devant la seconde section contre les agents responsables, dans les termes des Articles suivants.

L'Inspecteur délégué par la section ne pourra prendre que des résolutions provisoires; il faut une délibération de la section pour les rendre définitives.

Art. 3. La seconde section seule ou réunie conformément aux dispositions suivantes:—

(A.) Fera l'examen préalable de tous les engagements qui auront pour effet une dépense à la charge du Budget de l'Etat, et de tous les ordres ou mandats de payement ou ouvertures de crédit en faveur des fonctionnaires autorisés à expédier des bons de payement, jusqu'à la concurrence de la somme mise à leur disposition.

(B.) Vérifiera ces bons de payement et prononcera sur la responsabilité des fonctionnaires qui auront fait des dépenses ou des payements non justifiés.

(C.) Si un engagement, un ordre ou un mandat manque de justification ou des formes régulières, ou s'il est fait par une autorité incompétente, la section en fera l'observation au Ministre de Finances; et dans le cas que l'administration persiste, l'acte ne pourra devenir exécutoire que par une délibération du Conseil Privé. L'acte ainsi approuvé sera enregistré par ordre.

Chaque mois la section remettra au Ministre des Finances pour être transmise au Secrétariat du Khédive, une note des actes enregistrés par ordre; une copie de cette note sera communiquée aux autres sections du Conseil.

(D.) Tout engagement portant dépense, tout ordre ou mandat de payement ou ouverture de crédit dont le montant réuni aux sommes de la même nature déjà engagées ou dépensées excède la prévision du Budget ou crée une dépense nouvelle, pour laquelle aucune somme ne se trouve assignée dans le Budget, sera suspendu par une délibération qui en expliquera les motifs.

Le Conseil Privé avisera, et dans le cas qu'il juge la dépense nécessaire, et que son Altesse le Khédive l'approuve, on expédiera un Décret spécial qui, ordonnant la dépense, indiquera en même temps les moyens pour y pourvoir.

En conséquence de ce Décret, on fera dans le passif ainsi que dans l'actif du Budget les modifications ou les nouvelles inscriptions qui seront nécessaires pour pourvoir à son exécution.

(E.) Cette section veillera sur l'exact versement des recettes dans les Caisses du Trésor.

Art. 4. Sur la requête du Ministre des Finances ou sur les rapports des Inspecteurs transmis par l'intermédiaire du Ministre des Finances, elle prononcera des arrêtés, ayant force exécutoire, contre tout agent de la perception qui, ayant recouvré des sommes, ne les aura pas versées dans une des caisses qui seront indiquées à l'avance par les Ministres des Finances : contre tout agent ou caissier qui n'aura pas régulièrement fait les versements et contre les caissiers qui auront fait des payements abusifs ou irréguliers.

Est considéré comme abusif et irrégulier tout payement fait sur un acte sans l'accomplissement des formes prescrites par la loi.

Ce payement est nul et reste à la charge de celui qui l'aura exécuté. Parmi ces formes il faut compter, comme une des plus essentielles, celle que les réglements prescrivent pour déterminer la qualité du titre qui peut donner droit aux payements auprès des différentes caisses, ou les obliger à une remise de fonds. En ce cas le caissier est responsable des payements faits en exécution de tout autre espèce d'ordre ou mandat ayant un forme différente.

Il suffit pour libérer la responsabilité du payeur que les formes de l'acte soient en règle et que les formalités prescrites aient été remplies quel que soit le mérite de la dépense.

Dans le cas prévu à la lettre (D) de l'Article précédent, s'il y a désaccord entre les membres de la deuxième section sur la définition de la dépense ou sur la suffisance des fonds pour la payer, la question sera résolue par la première et la deuxième section réunies.

Ces sections réunies délibéreront aussi sur les mandats et ordres de payement qui arriveraient aux caisses dépourvus de l'enregistrement auprès du Conseil du Trésor.

Art. 5. La troisième section jugera et arrêtera les comptes de tous comptables qui seront obligés par les réglements à donner un compte judiciaire.

L'examen des comptes sera fait par les référendaires comptables dont il sera parlé au Titre III.

Le compte général consomptif sera arrêté et les comptes généraux de la Trésorerie seront jugés par la réunion de la troisième et de la première sections.

Les comptables qui se croiront lésés par ces jugemeuts auront le droit de les faire réviser par la réunion de la première et de la deuxième sections.

Art. 6. Le Conseil Suprême du Trésor a le droit de demander aux Ministres et aux Chefs des différentes Administrations de l'Etat toutes les informations et les documents qui se rapportent à l'exercice de ses fonctions.

Il a aussi le devoir de dénoncer au Conseil Privé et aux Ministres, en avisant en même temps le Ministre des Finances, les infractions aux lois et aux règlements relatifs à l'Administration Financière de l'Etat, et dont il aura pris connaissance en remplissant les attributions qui lui sont confiées.

Il a aussi le mandat de présenter au Conseil Privé par l'intermédiaire du Ministre des Finances, à la fin de chaque année financière, un rapport sur la situation générale du Trésor de l'Etat, sur la marche générale de la comptabilité de l'Etat, et sur les réformes utiles qu'on pourrait introduire dans le service comptable et dans l'Administration Financière des dépenses et des recettes.

Titre II.—*Formation du Budget de l'Etat.*

Article 1. Trois mois avant que la gestion d'une année financière soit arrivée à son terme, le Ministre des Finances arrêtera le Budget de l'année suivante.

Les recettes et les dépenses seront distinctes suivant leur nature et spécifiées autant que possible.

Le projet du Budget sera soumis au Conseil Suprême du Trésor pour entendre ses

avis et les idées qu'il pourra suggérer pour en rendre la rédaction meilleure et plus exacte.

Art. 2. A la fin de l'année budgétaire on arrêtera un compte de caisse qui comprendra tous les payements effectivement faits et toutes les recettes effectivement encaissées.

Art. 3. On ajoutera au Budget présomptif déjà arrêté pour l'année suivante et sous la dénomination de résidus actifs, toutes les différences entre les recettes présumées et les recettes encaissées, ainsi que les autres crédits non réalisés; et sous la dénomination de résidus passifs, les différences entre les dépenses prévues et les payements faits.

Après trois mois de la nouvelle gestion, on réduira ces différences à leur juste valeur en réduisant les recettes présumées et arriérées et les dépenses à faire dans une plus juste mesure que celle qui avait été originairement prévue.

Le Budget définitif de l'année sera composé de ces divers éléments.

Art. 4. Un premier exemplaire du Budget, du tableau des résidus actifs et passifs et de leurs rectifications successives sera remis au Ministère des Finances; un second exemplaire sera déposé au Conseil Suprême du Trésor.

Titre III.—*Composition et Organisation des Trois Sections du Conseil Suprême du Trésor.*

Article 1. Le Conseil Suprême du Trésor sera composé de dix Conseillers, dont cinq indigènes et cinq étrangers et d'un Président nommé par Son Altesse le Khédive.

Il y aura un Secrétariat Général du Conseil.

Art. 2. La première section sera composée de trois membres étrangers.

Elle sera présidée tour à tour par un de ses membres par ordre d'ancienneté d'âge. Le Président restera en fonctions six mois.

Art. 3. La seconde section sera composée de cinq membres, c'est-à-dire de quatre Conseillers, dont deux étrangers, et deux indigènes et du Président du Conseil qui sera aussi Président de section. Cette section choisira dans son sein un Vice-Président.

Un des Membres de cette section sera par elle délégué pour remplir les fonctions de Ministère Public. Le Président du Conseil Suprême déléguera un des référendaires, dont il est question à l'Article 4 suivant, pour remplir les fonctions de substitut du Ministère Public.

A la dépendance de cette section sera institué un bureau pour la tenue des livres en rapport aux Budgets et pour l'enregistrement des actes soumis à son examen par le présent Décret,

Art. 4. La troisième section sera composée de trois membres indigènes.

A cette section sera ajouté un corps de six référendaires des comptes. Deux de ces référendaires, parmi lesquels se trouvera celui qui a examiné le compte, interviendront avec vote dans la section appelée à les juger. Deux de ces référendaires seront étrangers.

Art. 5. La nomination des Membres du Conseil et du Secrétaire Général sera faite par Décret de Son Altesse le Khédive. Les conditions de traitement et autres seront fixées par leurs contrats d'engagement respectifs.

Art. 6. La destitution, la privation des fonctions, aussi bien que la retraite par autorité d'un membre du Conseil Suprême du Trésor, ne peut être ordonnée que par Décret de Son Altesse le Khédive, rendu sur l'avis conforme de son Conseil Privé.

Art. 7. Le Conseil Suprême fera son Règlement pour le service intérieur, pour l'organisation de son Secrétariat Général et de ses différents bureaux et pour la distribution des affaires.

Fait au Caire, le 11 Mai, 1876.

(Signé) ISMAIL.

Décret.

Nous Khédive d'Egypte, vu notre Décret en date du 11 Mai, 1876, relatif à l'institution d'un Conseil Suprême du Trésor.

M. le Commandeur Scialoja, Sénateur du Royaume d'Italie, ayant bien voulu accepter à titre temporaire et sans appointements fixes d'organiser le Conseil Suprême du Trésor et de le présider:

Nous lui confions cette mission par le présent Décret.

Fait au Caire, le 14 Mai, 1876.

(Signé) ISMAIL.

(Translation.)

Decree.

WE, the Khedive of Egypt, having consulted our Privy Council, have decreed, and do hereby decree as follows :—

Clause I.—*Establishment of a Supreme Council of the Treasury and its Functions.*

Article 1. A Supreme Council of the Treasury is established, which will be divided into three Sections. The first of these will be denominated "Section for the General Inspection of the Revenue and the State Treasuries;" the second, "Section for the Control of the Revenue and Expenditure;" the third, "Section for Auditing the Accounts."

The three sections will work separately or conjointly, according to the arrangements provided for by the present Decree.

Art. 2. The first section will be charged with the inspection of the Central Treasury, and the supervision of its accounts. This inspection and this supervision shall be extended to any other Treasuries which may be established for any special service. The section, or its delegated officials, shall have the right at all times to take cognizance of the state of its funds, and to audit its accounts.

The reports of the inspectors charged by the Minister of Finance with the inspection of the other Treasuries, and of the Inland Revenue Departments, shall be communicated by him to the Supreme Council. This section will superintend the due receipt of all revenues, and their strict application to their proper purpose. Every abuse or irregularity shall be reported to the Supreme Council, and proceedings shall be taken against the responsible agents before the second section in accordance with the following Articles. The inspector delegated by the section can only take provisional resolutions. A resolution of the section is requisite to make them definitive.

Art. 3. The second section, either alone or conjointly, according to the provisions hereinafter contained,—

(*a.*) Shall make a preliminary examination of all engagements which involve any expenditure chargeable to the State Budget, as also all orders or draughts or opening of credits in favour of officials authorized to issue bonds of payment to the amount of the sum placed at their disposal.

(*b*). The second section shall audit these bonds of payment, and pronounce on the responsibility of the officials who may have incurred expenses or made payments without being authorized.

(*c.*) If an engagement, or order, or draught fail to be met, or be not issued in the regular form, or if the same be incurred or issued by an incompetent authority, the section shall bring the fact under the notice of the Minister for Finance, and in case the Administration should persist, its act can only become legally valid by a decision of the Privy Council. The Act thus approved shall be registered by order. Every month the section shall forward to the Minister of Finance, for transmission to the Secretariat of the Khedive, a Memorandum of the acts registered by order; a copy of this Memorandum shall be communicated to the other sections of the Council.

(*d.*) Every engagement involving expenditure, every order or draught for payment or opening of credit, the amount of which, in conjunction with the sums of the like nature already incurred or disbursed, exceeds the Budget estimate, or creates a fresh expense for which no sum has been provided in the Budget, shall be suspended by a resolution explaining the reasons for such course. The Privy Council shall deliberate on the case, and if it considers the expenditure necessary, and if His Highness the Khedive approve it, a special Decree shall be issued authorizing the expenditure, indicating at the same time the ways and means for the same. In the pursuance of such Decree, the modifications or fresh entries necessary for providing for its execution shall be made in both the assets and liabilities of the Budget account.

(*e.*) This section shall watch over the prompt payment of all revenues into the Treasuries.

Art. 4. At the request of the Minister of Finance, or on the reports of the inspectors transmitted to it through the medium of the Minister of Finance, the section shall pronounce judgment, with power of execution, against any revenue officer who may receive sums without paying them into the Treasury, indicated beforehand by the Ministry of Finance; also against any official or cashier who may not have made his payments regularly, or who may have made improper or irregular payments. Every payment

shall be considered irregular and improper which is not made in conformity with the formalities prescribed by law, and such payment is null and void, and the person making it shall be held answerable for the same. Among the formalities the most essential are those which the regulations prescribe for determining the legal authority for the payments by the various Treasuries, or which order them to remit funds. In this case the Treasurer is responsible for payments made in pursuance of any other order or draught having a different form. For discharging the responsibility of the payer it is sufficient that the form of the voucher be in order, and that the prescribed formalities be complied with, irrespective of the merits of the payment. In the case provided for in the preceding Article, *sub literâ* (*d*), if there be a disagreement between the members of the second section on the definition of the expenditure, or on the sufficiency of the funds for the payment of the same, the question shall be regulated by the first and second sections conjointly; these two sections shall also conjointly decide on the draughts and orders of payment which may be presented to the Treasuries without having been registered at the Council of the Treasury.

Art. 5. The third section shall audit and settle the accounts of all accountants whose duty it is, by the regulations, to furnish the said accounts for audit. The examination of the accounts shall be effected by the officials of the Audit Department, whose duties will be laid down in Clause 3. The estimate of the general account shall be fixed, and the general accounts of the Treasury shall be audited, by a union of the third with the first section. Any accountant believing himself prejudiced by these audits shall have the right of subjecting them to a revision by the first and second sections conjointly.

Art. 6. The Supreme Council of the Treasury is entitled to demand from the Ministers and the chiefs of the different Administrations of the State all information and all documents having reference to the exercise of its functions. It is also its duty to lay information with the Privy Council and the Ministers, giving notice at the same time to the Minister of Finance, of all infringements of the laws and regulations referring to the financial administration of the State, and which may come under its notice during the execution of the functions confided to it. It has also the task intrusted to it of presenting to the Privy Council, through the medium of the Minister of Finance, at the end of every financial year, a report on the general position of the Treasury, on the general progress of the accounts of the State, and on the useful reforms which it would be possible to introduce into the public accounts and into the financial administration of income and expenditure.

Clause II.—*Formation of the State Budget.*

Article 1. Three months before the conclusion of every financial year the Minister of Finance will fix the Budget for the next year. The receipts and expenditure will be kept distinct, according to their nature, and specified as far as possible. The draught of the Budget will be submitted to the Supreme Council of the Treasury, to receive its advice and the ideas which it may be able to suggest in order to render its wording better and more exact.

Art. 2. At the end of every financial year a Treasury account shall be drawn up, showing all payments actually made, and all income actually received.

Art. 3. To the Budget estimates already fixed for the ensuing year shall be added, under the desigation of "Residues of Assets," all differences between the estimated revenue and income actually received, as also the other unrealized credits; and, under the designation of "Residue of Liabilities," the differences between the estimated expenditure and the payments actually made. After three months of the new year's administration these differences are to be reduced to their real value by fixing the estimated receipts and those in arrear, and the expenditure to be incurred, in a more just measure than had been done in the original estimates. The definitive Budget of the year is to be composed of these various elements.

Art. 4. One copy of the Budget and the statements of the Residues of Assets and Liabilities, as also of their successive rectification, is to be handed to the Minister of Finance, and a second copy shall be deposited with the Supreme Council of the Treasury.

Clause III.—*Composition and Organization of the three Sections of the Supreme Council of the Treasury.*

Article 1. The Supreme Council of the Treasury will be composed of ten Councillors, of whom five will be natives and five foreigners, and of a President, who will be appointed by His Highness the Khedive. There will be a secretaryship of the Council.

Art. 2. The first section will be composed of three foreign members. It will be presided over in rotation by one of its members in the order of their age. The President will remain in office for six months.

Art. 3. The second section will be composed of five members, namely, four Councillors, two natives and two foreigners, and of the President of the Council, who will also be President of the section. This section will choose a Vice-President from its midst. One of the members of the section is to be delegated by the same to fulfil the functions of the public Ministry. The President of the Supreme Council will delegate one of the referendaries, of whom mention is made in Article 4 following, to exercise the functions of substitute of the public Ministry. In dependence from this section an office will be established for keeping the accounts in connection with the Budget, and for registering all documents submitted to its examination by virtue of the present Decree.

Art. 4. The third section will be composed of three native members. A staff of six referendaries of accounts will be attached to this section. Two of these referendaries, comprising the one who has examined the accounts in question, will take part and be entitled to vote in the section called upon to audit them. Two of these referendaries are to be foreigners.

Art. 5. The appointment of the members of the Council and of the Secretary-General will be made by virtue of a Decree of His Highness the Khedive. Their appointments and other conditions are to be fixed by their respective contracts of service.

Art. 6. No member of the Supreme Council can be ordered to resign, or to tender his resignation, or be deprived of his functions, unless by decree of His Highness the Khedive, based upon the advice of his Privy Council.

Art. 7. The Supreme Council will make its own regulations for its internal administration, for the organization of its Secretaryship-General, and various offices, and for the distribution of its work.

Done at Cairo, the 2nd day of May, 1876.

(Signed) ISMAIL.

Decree.

We, the Khedive of Egypt, in view of our Decree dated May 2, 1876, relative to the establishment of a Supreme Council of the Treasury,

M. le Commandeur Scialoja, Senator of the Kingdom of Italy, having consented to accept, provisionally and without fixed salary, the task of organizing the Supreme Council of the Treasury, and of presiding over it:

I entrust this mission to him by virtue of the present Decree.

Done at Cairo, the 14th day of May, 1876.

(Signed) ISMAIL.

No. 84.

Lord Tenterden to Mr. Lander.

Sir, *Foreign Office, May 25, 1876.*

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 18th instant, on the subject of the Memorial you were about to address to the Egyptian Government, protesting, on behalf of the holders of the bonds of the Egyptian Loan of 1867, against the Khedive's Decree of 7th May, 1876, and the provisions thereof, as affecting that loan, and the special security pledged to it.

I am to inform you, in reply, that a copy of your letter will be sent to Her Majesty's Agent and Consul-General in Egypt, but his Lordship fears that he can do no more than instruct him to give unofficial assistance to the agents of the persons interested in bringing their representations to the knowledge of the Khedive for His Highness's consideration.

I am, &c.

(Signed) TENTERDEN.

No. 85.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May 25, 1876.*

I TRANSMIT for your information the accompanying copies of correspondence with the Imperial Ottoman Bank, on the subject of their Memorial to the Egyptian Government, protesting, on behalf of the bondholders of the Egyptian Loan of 1867, against the Khedive's Decree of May 7, 1876, as affecting that loan, and the special security pledged to it; and, in accordance with the reply I returned to them, I have to instruct you to give such unofficial assistance as you properly can to the agents of the parties interested in bringing their representations to the knowledge of the Khedive for His Highness's consideration.

I am, &c.
(Signed) DERBY.

No. 86.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May 26, 1876.*

HER Majesty's Government have had under their consideration your despatch of the 6th instant, inclosing a copy of the Decree of the 2nd instant for the establishment of a Caisse for the service of the public debt of Egypt, together with a copy of a letter from Chérif Pasha, expressing the hope of the Khedive that Her Majesty's Government would indicate the persons to be nominated by the Khedive as one of the Commissioners, as they had promised.

Her Majesty's Government have also received and considered your despatches of the 8th and 15th instant, inclosing the Decrees of the 7th and 14th instant, for the consolidation of the Egyptian debt and the constitution of a Treasury Department.

The time has therefore now arrived when Her Majesty's Government must come to a determination with regard to the nomination of a Commissioner, to which they have been so frequently pressed to consent by the Khedive.

I must, in the first place, remind you that Her Majesty's Government have not made any specific promise to nominate a Commissioner. I informed you in my despatch of the 6th of March, that Her Majesty's Government could not send a Commissioner to take part in the management of a Bank (which formed part of the scheme then contemplated), but that if a workable plan for a Commission to receive the revenues, and apply them to the payment of the Egyptian debt were proposed, Her Majesty's Government would give it their consideration.

Her Majesty's Government have not departed from this attitude, and the question now before them therefore is, whether the Decrees of the Khedive constitute such a workable plan as would justify Her Majesty's Government in countenancing it by the nomination of a Commissioner.

It has been the earnest desire of Her Majesty's Government to assist the Khedive in a practical and efficacious manner in the adjustment of his finances, and the conversion and consolidation of his debt on a sound basis, and had an effectual plan for this purpose been adopted, Her Majesty's Government would have had much pleasure, as I stated to you in my despatch of the 21st ultimo, in recommending a Commissioner.

At the close of last year the financial position of the Egyptian Government appeared desperate. The Khedive had incurred liabilities and had entered into engagements which it was impossible for him to meet, and the efforts which he was making to save his credit by the renewal of Treasury bills at a high rate of interest, involved such ruinous charges, that the inevitable crisis, when it arrived, would be the worse for every hour of delay so obtained.

At this juncture Mr. Cave arrived at Cairo. The information afforded by the Egyptian Government led him to believe that great as were the difficulties caused by excessive borrowing, they were not insurmountable; and that a thorough and determined reform of financial administration would enable the Khedive not only to maintain his Government at fitting cost, but to discharge his liabilities within reasonable time, upon reasonable terms, without the imposition of fresh burthens upon his subjects.

He accordingly proposed a scheme so framed as to satisfy these important conditions without any interference with the independent action of the Khedive within his

own dominions. It involved, no doubt, to a certain extent, arrangement with creditors, a measure to which the British Government must always be an unwilling party, but it provided for the eventual payment of the debt in full, a result impossible of attainment by other means.

Thus Mr. Cave's mission had been of undoubted benefit to His Highness.

In December the credit of the Egyptian Government seemed to be gone. There was no money forthcoming to meet its daily liabilities; recourse was had to renewals at ruinous cost, and there was but one result apparently possible—repudiation.

In March His Highness obtained the testimony of a high and impartial officer of the British Government, that, so far as shown by the information supplied, the financial situation was not desperate, and it seemed indeed possible that if His Highness could afford satisfactory guarantees for the rigorous enforcement of economy, and for the observance of the conditions which Mr. Cave's scheme contemplated, some of the great financial houses of Europe might undertake the conversion of the Egyptian debt upon the terms suggested.

If, however, no such house was found willing to incur such responsibility, it would still be open to His Highness to carry out the measure himself.

Two months have now elapsed since the date of Mr. Cave's Report, and Her Majesty's Government learn with regret that His Highness has not been able to induce the leading houses of Europe to act for him. They learn further with regret that he has not thought fit to adopt Mr. Cave's recommendations with regard to the method of dealing with the debt.

They would not, however, think of offering any observation on the discretion which His Highness has thus thought fit to exercise, nor would they presume to criticise financial measures adopted by a foreign and friendly Government, were it not that His Highness has renewed with urgency his request to them to recommend a Commissioner who is to serve upon the Commission appointed to control the receipt and disbursement of the revenues set apart for the payment of the debt.

This request on the part of His Highness makes it necessary for them to point out that the arrangement proposed in the Decrees is not only a very different arrangement from that proposed by Mr. Cave, but is not of a character which enables them to give it their support and countenance.

The arrangement appears to them open to grave objection on several points. It has always been their opinion that the proposals of Mr. Cave imposed on Egypt as heavy a burthen as it was possible for Egyptian finance to bear, and that the success of those proposals must depend upon the accuracy of the amount of debt reported for his information.

It was, therefore, a source of great uneasiness to them to learn that the debt represented in Mr. Cave's Report, as amounting in round numbers to 77,500,000*l.*, or if allowance be made for the cost of conversion, to 79,500,000*l*, had risen within two or three months to the alarming figure of 91,000,000*l.*, showing an increase of 13,500,000*l.*, or 11,500,000*l.*, according as the cost of conversion is not or is included in Mr. Cave's statement of liabilities.

Nor can it be said that the explanations afforded of this increase are reassuring.

It appears to be thus made up:—

	£
1. A further loan required for current accounts	3,000,000
2. Bonus to holders of floating debt	6,440,000
3. Bonus to holders of short loans	237,000
4. Additional bonus to holders of loan of 1867	65,000
5. Commission and stamps on the nominal amount of the debt	365,000
6. Expenses	600,000
7. Bonus on new loan	2,740,000
	13,447,000

Say 13,500,000*l.*

In addition to this the abrogation of the Law of Moukabala will involve charges for compensation equivalent to an increase of nearly 12,000,000*l.* to the debt.

Thus a large part of the admitted increase is due to a bonus to the holders of the floating debt, a concession the equity of which is, to say the least, doubtful.

There can, on the other hand, be no doubt that the holders of the short loans are unjustly treated.

Further, it appears that a new loan is in contemplation, the charge for which, 2,740,000*l.*, is beyond all reason onerous, supposing the amount of the loan to be, as has been stated, 5,000,000*l.*

Her Majesty's Government would have hoped that the revenue of the current year would suffice to meet the demands of the year, or, at all events, that it would have been possible, with equilibrium between revenue and expenditure in prospect, to escape a new loan on such ruinous terms.

But without dwelling further on this point, they would content themselves with observing that these heavy charges are all new, that they were not in contemplation when Mr. Cave's scheme was prepared, and that this fact naturally leads to a question as to the probability of no further charges arising hereafter.

Moreover, if Her Majesty's Government rightly understand the Decree of May 7, His Highness contemplates interference with the law of the Moukabala, which guaranteed that no modification of the Land Tax, as redeemed under its action, should be hereafter sanctioned.

The explanations that have been given on this point are not very clear, and it is difficult to understand how it will be possible to carry out the measure without a breach of faith, unless by arrangements involving a heavy increase of charge.

Her Majesty's Government sincerely hope that the scheme which His Highness has adopted may lead to an improved administration of his finances; but, for the reasons sufficiently indicated in the foregoing remarks, it will not be in their power to accept the responsibility in which the nomination of a Commissioner would involve them.

I am, &c.

(Signed) DERBY.

No. 87.

Major-General Stanton to the Earl of Derby.—(*Received May* 28.)

My Lord, *Alexandria, May* 18, 1876.

I HAVE the honour to report, with reference to previous correspondence on the subject of the finances of this country, that I am informed the Austrian Government have been requested to name a Commissioner for the "Caisse" for the service of the public debt of this country, and that they have signified their willingness to comply with the Khedive's request.

It is further stated that Herr von Kraenier, formerly Austrian Consul at Cairo, and now employed in the Ministry of Foreign Affairs, who is stated to have a thorough knowledge of the Arabic and Turkish languages, has been selected for this appointment.

I have, &c.

(Signed) EDWD. STANTON.

No. 88.

Lord Tenterden to Mr. Clarke.

Sir, *Foreign Office, May* 29, 1876.

I AM directed by the Earl of Derby to reply to your letter of the 22nd instant, and to express his Lordship's regret that he cannot undertake to forward, through Her Majesty's Agent and Consul-General in Egypt, your letter to the Egyptian Minister of Finance, which is herewith returned; but I am to inform you that he would be willing to instruct General Stanton to give such unofficial assistance as he properly can to any representative of the bondholders in bringing their views before the Khedive.

I am, &c.

(Signed) TENTERDEN.

EGYPT. No. 8 (1876).

CORRESPONDENCE respecting the Finances of Egypt.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
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87

EGYPT. No. 4 (1876).

CORRESPONDENCE

RESPECTING

MR. CAVE'S SPECIAL MISSION

TO

EGYPT.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

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Correspondence respecting Mr. Cave's Special Mission to Egypt.

No. 1.

Major-General Stanton to the Earl of Derby.—(Received November 8.)

My Lord, *Cairo, October 30, 1875.*

I HAVE the honour to report to your Lordship that during a recent conversation with the Khedive, His Highness stated to me that he was very desirous of securing the services of some competent Government official, thoroughly acquainted with the system followed in Her Majesty's Treasury, to assist his Minister of Finance in remedying the confusion which His Highness admitted existed in that Department of his Administration; and that he trusted, through your Lordship's kind intervention, to be able to secure the services of such an officer.

I begged His Highness, in order to prevent any misunderstanding on the matter, to favour me with a statement of his wishes in writing, for communication to your Lordship, to which proposal His Highness immediately agreed, and informed me he would instruct Nubar Pasha to write to me on the subject.

I have not as yet received the promised communication; but this morning, having asked Nubar Pasha whether he had received any instructions from the Khedive on this matter, his Excellency informed me that he had orders from his Highness on the subject, but that he had been unable from pressure of business, and in consequence of the Bairam fêtes succeeding so closely on the visit of His Royal Highness the Prince of Wales, to carry them as yet into execution.

His Excellency, however, particularly requested me to mention the matter at once to your Lordship, and added, that I might be assured of receiving the written communication before the departure of the next mail for England.

I have, &c.
(Signed) EDWD. STANTON.

No. 2.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, November 12, 1875.*

I AM directed by the Earl of Derby to transmit to you the inclosed copy of a despatch from Her Majesty's Agent and Consul-General in Egypt,* stating that the Khedive is desirous of obtaining the services of some competent official thoroughly acquainted with the system adopted by Her Majesty's Treasury, for the purpose of assisting the Egyptian Finance Minister to reorganize the Egyptian Treasury; and I am to request that you will move their Lordships to cause Lord Derby to be informed whether they are enabled to give the Government of the Khedive any assistance in this matter.

I am, &c.
(Signed) TENTERDEN.

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* No. 1.

No. 3.

Major-General Stanton to the Earl of Derby.—(*Received November* 14.)

My Lord, *Cairo, November* 6, 1875.

WITH reference to my despatch of the 30th ultimo, in which I reported to your Lordship the desire expressed to me by the Khedive to secure the services of a gentleman, thoroughly acquainted with the system followed in Her Majesty's Treasury, to assist his Minister of Finance in reorganizing the Financial Department of his Administration, I have now the honour to forward to your Lordship the accompanying copy of a letter which I have received from Nubar Pasha, repeating the Khedive's wishes on this subject, from which your Lordship will perceive that His Highness is anxious to engage the services of two gentlemen to superintend, under the Minister of Finance, the receipts and expenditure of this country, and that, in addition to the knowledge of the details of these special departments, His Highness would be glad to find that these gentlemen, or at least one of them, was conversant with those studies of political economy which, in modern times, have demonstrated the true principles which govern the development of the resources of a country; and his Excellency further begs me, on the part of the Khedive, to apply to your Lordship to recommend two gentlemen having the necessary acquirements for these posts, and at the same time to name the conditions which the Egyptian Government should offer for their services.

Since the receipt of this letter, I have had some conversation with Nubar Pasha on the subject, and his Excellency has assured me that the Khedive is fully aware of the importance of the step he is now taking, and of the absolute necessity of placing the fullest information as to the finances of this country before the gentlemen who may be selected, and his Excellency has begged me to explain to your Lordship that His Highness has specially left the conditions of their engagement an open question for further reference, believing that such an arrangement would prove the most satisfactory to all parties concerned.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 3.

Nubar Pasha to Major-General Stanton.

Mon cher Général, *Caire, le* 4 *Novembre,* 1875.

J'AI eu l'honneur de vous parler des deux personnes que Son Altesse désirerait engager pour occuper au Ministère des Finances et sous la direction et les ordres du Ministre des Finances, les deux divisions de ce Ministère, à savoir: la Direction des Recettes et la Direction des Dépenses. Son Altesse vous a aussi entretenu sur le même sujet, ainsi que Sir Bartle Frere.

Il serait à désirer que les personnes à engager, ou de moins l'une d'elles, ne fussent pas seulement au courant de l'organisation intérieure des divisions qui leur seraient confiées, comme par exemple, simplification des méthodes de la tenue des registres; des situations financières à exposer, etc.; mais bien aussi qu'elles fussent au courant des études économiques qui, dans les temps modernes, ont fait connaître les vrais principes qui régissent le développement des ressources et des richesses d'un pays.

Je vous prie de la part de Son Altesse de vouloir bien vous adresser au Ministère pour nous indiquer deux personnes qui auraient les aptitudes requises pour remplir les places dont il s'agit, ainsi que les conditions d'engagement qu'on pourrait leur offrir.

Veuillez agréer, &c.
(Signé) N. NUBAR.

(Translation.)

My dear General, *Cairo, November* 4, 1875.

I HAVE had the honour of speaking to you respecting the two persons whom His Highness would be desirous of engaging to fill, in the Finance Department and under the direction and orders of the Minister of Finance, the two divisions of that Department, that is to say, the direction of the receipts and the direction of the expenditure. His Highness has also spoken to you on the same subject, as well as Sir Bartle Frere.

It would be desirable that the persons to be engaged, or at least one of them, should

be not only familiar with the internal organization of the divisions which would be entrusted to them, such as simplifying the system of keeping the registers, the drawing up of financial statements, &c., but that they should also be familiar with the principles of political economy, which, in modern times, have been the cause of revealing the true principles which govern the development of the resources and riches of a country.

I beg you, on the part of His Highness, to have the goodness to apply to the Foreign Office to recommend to us two persons having the necessary requirements to fill these posts, and at the same time to indicate the conditions which should be offered for their services.

I have, &c.
(Signed) N. NUBAR.

No. 4.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, November* 16, 1875.

WITH reference to my letter of the 12th instant, respecting the wish of the Khedive to obtain the services of a competent person to assist in the re-organization of His Highness' Treasury, I am directed by the Earl of Derby to transmit to you a copy of a further despatch from Her Majesty's Agent and Consul-General in Egypt,* inclosing a copy of a letter from Nubar Pasha, expressing a hope that Her Majesty's Government will be willing to recommend to the Egyptian Government two gentlemen to fill posts under the Minister of Finance, and requesting at the same time, that the conditions under which these gentlemen would be willing to accept the appointments in question may be made known to his Excellency.

I am, accordingly, to request that you will move their Lordships to cause Lord Derby to be informed at their earliest convenience, whether they are able to assist the Egyptian Government in this matter.

I am, &c.
(Signed) TENTERDEN.

No. 5.

Mr. Lingen to Lord Tenterden.—(Received November 27.)

My Lord, *Treasury Chambers, November* 26, 1875.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state, for the information of the Secretary of State, that they have given careful consideration to your letters of the 12th and 16th instant, inclosing copies of despatches from Her Majesty's Consul-General in Egypt, stating that the Khedive is desirous of obtaining the services of two gentlemen, to be recommended by Her Majesty's Government, to superintend under the Minister of Finance the receipts and expenditure of that country; and that Lord Derby wishes to be informed whether my Lords are able to assist the Egyptian Government in this matter.

My Lords have every desire to render to the Khedive any assistance, which it may be in their power to give, towards the reorganization of the Financial Department of his Administration; but the information afforded by General Stanton in his despatch, as to the actual condition of Egyptian finance, and as to the powers proposed to be given to the gentlemen to be nominated by Her Majesty's Government, is so general in its terms, that it would seem to be impossible to suggest, in reply, the names of gentlemen to be appointed on the conditions of their engagement.

As successful financial administration depends quite as much in a wise limitation of the engagements and expenditure of a country as upon the development of its resources or economical administration, it is essential that the powers and position proposed to be assigned to these gentlemen should be clearly defined by the Government of the Khedive.

It is probably impossible to arrive by correspondence at a sufficiently clear understanding upon those and other equally important points, which will at once suggest themselves to Lord Derby in connection with the proposal made by the Khedive; and I am, therefore, to submit, for the consideration of his Lordship, whether it would not be

* No. 3.

expedient that a gentleman in the confidence of Her Majesty's Government, of proved financial and administrative capacity, should not be sent out to confer with the Khedive and his Government as to the financial position and administration of Egypt, in order that, on his report, Her Majesty's Government may be placed in a position to give the assistance which is requested from them.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 6.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 29, 1875.

HER Majesty's Government propose that the Right Honourable Stephen Cave, Her Majesty's Paymaster-General, should go out on a Special Mission to Egypt to communicate with the Khedive on the subject of His Highness' request for advice on financial matters.*

I am, &c.
(Signed) DERBY.

No. 7.

Lord Tenterden to Mr. Lingen.

Sir, *Foreign Office, November* 30, 1875.

I HAVE laid before the Earl of Derby your letter of the 26th instant, suggesting that a gentleman in the confidence of Her Majesty's Government, of proved financial and administrative capacity, should be sent out to confer with the Khedive and his Government as to the financial position and administration of Egypt, in order that on his report, Her Majesty's Government may be placed in a position to give the assistance which the Khedive has requested from them, in recommending two officials for employment in the Egyptian Ministry of Finance; and I am to request that you will state to the Lords Commissioners of Her Majesty's Treasury, that Lord Derby entirely concurs in this suggestion, and has much pleasure in informing their Lordships, that the Right Honourable Stephen Cave, Her Majesty's Paymaster-General, has undertaken this mission.

A further communication will be addressed to the Board of Treasury, with respect to the appointment of the staff of this Special Mission, and their remuneration.

I am, &c.
(Signed) TENTERDEN.

No. 8.

Major-General Stanton to the Earl of Derby.—(Received December 8.)

My Lord, *Cairo, November* 30, 1875.

I HAVE informed the Khedive of the proposal of Her Majesty's Government with respect to Mr. Cave's Mission. His Highness appeared gratified at the announcement, and desired me to express his acknowledgments to your Lordship for the consideration shown to his request.*

(Signed) EDWD. STANTON.
I have, &c.

No. 9.

The Earl of Derby to Mr. Cave.

Sir, *Foreign Office, December* 6, 1875.

I HAVE the honour to inform you that the Queen has been graciously pleased to approve of your appointment to proceed on a special mission to Egypt.

General Stanton, Her Majesty's Agent and Consul-General in Egypt, reported on the 30th October last, that the Khedive had stated to him that he was very desirous of securing

* The substance of this despatch was telegraphed.

through her Majesty's Government the services of some competent Government official, thoroughly acquainted with the system followed in Her Majesty's Treasury, to assist the Minister of Finance in reforming the administration of that Department of the Egyptian Government.

On the 4th of November, Nubar Pasha addressed a letter to General Stanton, explaining more fully the wishes of the Khedive. From this letter it appeared that His Highness desired to engage the services of two officials, to undertake the direction of the receiving and disbursing divisions of the Finance Ministry, under the orders of the Minister of Finance.

His Highness required that these officials, or at least one of them, should be not only well acquainted with administrative details, such as book-keeping, but should also be versed in those doctrines of political economy, which have done so much in modern time to develope the wealth and resources of nations.

Her Majesty Government have every desire to render the Khedive any assistance which it may be in their power to give towards the re-organization of the Financial Department of his Administration, but the information afforded to them as to the actual condition of Egyptian finance, and as to the powers proposed to be given to the gentlemen to be nominated by Her Majesty's Government, was of so vague and general a character, that it seemed to be impossible to suggest the names of gentlemen to be appointed, or the conditions of their engagement.

As successful financial administration depends quite as much on a wise limitation of the engagements and expenditure of a country, as upon the development of its resources, or economical administration, it is essential that the powers and position proposed to be assigned of the gentlemen appointed, should be clearly defined by the Government of the Khedive.

After giving the matter their best consideration, Her Majesty's Government have arrived at the conclusion, that it would be impossible to attain by correspondence a sufficiently clear understanding upon these and other equally important points, which at once suggest themselves in connection with the proposal made by the Khedive. Her Majesty's Government have accordingly determined that a gentleman possessing their full confidence, and of proved financial and administrative capacity, should be sent out to confer with the Khedive and his Government as to the financial position and administration of Egypt, in order that on his Report, Her Majesty's Government may be placed in a better position to give the assistance which is requested from them, and Her Majesty's Government have selected you to be the Special Envoy on this occasion.

Her Majesty's Government have informed the Khedive, through General Stanton, of their intention to despatch this Special Mission, and have received in reply the expression of His Highness' gratification at the announcement and his acknowledgments for the consideration shown to his request.

Her Majesty's Government do not doubt that the Khedive will treat you with perfect frankness, and afford you every facility for ascertaining correctly the position of the financial affairs of Egypt, so as to enable you to furnish them with a full report.

Her Majesty's Government have instructed General Stanton, in a despatch of which I inclose a copy,* to explain to the Khedive the nature of the mission with which you are charged. Although the primary object of your mission will be to confer with the Khedive upon the subject of the administrative assistance for which His Highness has applied, you cannot fail to obtain incidentally much information of the greatest value both to Egypt and to this country, which is so deeply interested in its welfare and prosperity.

Her Majesty's Government do not consider it necessary to give you detailed instructions, as they prefer to leave the conduct of the mission, as far as possible, to your discretion, relying upon you to be careful not to pledge them to any course of proceeding, by advice or otherwise, which might be taken to imply a desire to exercise undue interference in the internal affairs of Egypt.

In order that you may be adequately supported, Her Majesty's Government have requested Colonel Stokes, C.B., British Delegate at the late Suez Canal Dues Commission at Constantinople, to accompany you, that he may assist and advise you in your duties as Special Envoy, and that you may have the benefit of the experience of the country and people which he has gained during his previous employment in the Ottoman dominions.

I inclose a copy of his letter of appointment, from which you will see that he is also instructed to confer with General Stanton on the subject of the recent purchase on behalf of Her Majesty's Government of the Khedive's Suez Canal shares.

I am, &c.
(Signed) DERBY.

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* No. 12.

No. 10.

The Earl of Derby to Mr. Cave.

Sir, *Foreign Office, December* 6, 1875.

I HAVE to inform you that I have appointed Mr. Victor Buckley, of this Office, to be Diplomatic Secretary to your special Mission. Mr. Buckley will keep the archives of the Mission, assist you in the conduct of the correspondence, and make his services available in any capacity in which they can properly and usefully be employed.

I have appointed Mr. W. H. White, Deputy Accountant-General at the War Office, to be Financial Secretary to the Mission, and it will be his duty to give you all the aid which his knowledge of finance peculiarly qualifies him to render, as well as to attend generally to any of the business of the Mission with which you may entrust him.

Mr. A. C. Taylor, of the Financial Department of this Office, will also be attached to your Mission.

I am, &c.
(Signed) DERBY.

No. 11.

The Earl of Derby to Mr. Cave.

Sir, *Foreign Office, December* 6, 1875.

I HAVE to inform you that the travelling and other expenses of your special Mission will be paid by the public, and that Mr. Buckley has been instructed to keep and render the accounts in accordance with the usual forms.

I am, &c.
(Signed) DERBY.

No. 12.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 6, 1875.

HER Majesty's Government having had under their consideration your despatches of the 30th of October and 6th ultimo, respecting the request of the Khedive to secure the services of two officials for the Egyptian Finance Ministry, have determined that the preferable course to adopt in the first instance, in order to meet the wishes of the Khedive, will be to send out a special Envoy to confer with the Khedive and his Government as to the financial position and administration of Egypt. Her Majesty's Government have selected the Right Honourable Stephen Cave, M.P., Her Majesty's Paymaster-General, for this Mission, and on receiving his report, will be placed in a better position to give the assistance which is requested from them by His Highness.

I inclose a copy of Mr. Cave's instructions,* and I have to request that in presenting him to the Khedive you will explain to His Highness the nature of the Mission with which he is entrusted.

Her Majesty's Government confidently expect that the Khedive will treat Mr. Cave with perfect frankness, and afford him every facility for ascertaining correctly the position of the financial affairs of Egypt, and they are sure that you will also gladly render him full assistance and support in the discharge of the duties of his Mission.

Her Majesty's Government especially wish that it should be understood that this special Mission must not be taken to imply any desire to interfere with the internal affairs of Egypt, but is of a purely friendly character, dictated by the interest which this country has always taken in the welfare and prosperity of Egypt.

I am, &c.
(Signed) DERBY.

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* No. 9.

No. 13.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 6, 1875.

I HAVE to inform you that Colonel Stokes, C.B., has been requested to accompany the Right Honourable Stephen Cave in his special Mission to Egypt, and to transmit to you herewith a copy of the despatch in which I have intimated this to him.

I have also appointed Mr. Victor Buckley, of the Foreign Office, to be Diplomatic Secretary, and Mr. W. W. White, Deputy Accountant-General at the War Office, to be Financial Secretary; and Mr. A. C. Taylor, of the Foreign Office, to be Attaché to the special Mission.

I am, &c.
(Signed) DERBY.

No. 14.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, December* 6, 1875.

THE Queen having been pleased to approve of the appointment of the Right Honourable Stephen Cave, a Member of the House of Commons, and Her Majesty's Paymaster-General, to proceed on a special Mission to Egypt, Her Majesty's Government have determined to request you to accompany the special Mission, that you may assist and advise Mr. Cave in his duties as Envoy, and that he may have the benefit of the experience of the country and people which you have gained during your previous employment in the Ottoman Dominions.

Her Majesty's Government also desire that you should confer with Her Majesty's Agent and Consul-General in Egypt on the subject of the recent purchase, on behalf of Great Britain, of the shares in the Suez Canal heretofore held by His Highness the Khedive, and furnish a Report on the position which Her Majesty's Government will occupy as possessors of those shares, and on any measures which it may be desirable to take, in order to secure the full benefit of the purchase.

I am, &c.
(Signed) DERBY.

No. 15.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, December* 9, 1875.

I HAVE to inform your Excellency that it has been determined to despatch the Right Honourable Stephen Cave, M.P., Her Majesty's Paymaster-General, on a special Mission to Egypt to confer with the Khedive on a request which His Highness has addressed to Her Majesty's Government to recommend two officials for employment in the reorganisation of the Egyptian Ministry of Finance.

Mr. Cave will be accompanied by Colonel Stokes, who will assist him generally in the discharge of the duties entrusted to him, and who is also instructed to furnish a Report upon the recent purchase of the Khedive's Suez Canal shares.

I inclose copies of the instructions addressed to Mr. Cave and Colonel Stokes,* from which you will see the nature of the Mission; and I also inclose copies of the despatches which I have addressed to Colonel Stanton in regard to it,† and in which I have desired him to explain to the Khedive that the Mission must not be taken to imply any intention on the part of Her Majesty's Government to interfere in the internal affairs of Egypt.

I am, &c.
(Signed) DERBY.

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* Nos. 9 and 14.

† Nos. 12 and 13.

No. 16.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 10, 1875.

AS Her Majesty's Government desire that Mr. Cave and Colonel Stokes should have access to the fullest information with respect to the affairs of Egypt and the Suez Canal, I have to request you to show to them all correspondence in Her Majesty's Agency which may be of service to them in the discharge of the duties with which they are entrusted.

You should also furnish them with any clerical assistance which they may require, and which the Agency may be able to afford.

I am, &c.
(Signed) DERBY.

CORRESPONDENCE respecting Mr. Cave's Special Mission to Egypt.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

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EGYPT. No. 7 (1876).

REPORT

BY

MR. CAVE

ON THE

FINANCIAL CONDITION

OF

EGYPT.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

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Report by Mr. Cave on the Financial Condition of Egypt.

No. 1.

Mr. Cave to the Earl of Derby.—(Received March 24.)

My Lord, *London, March 23, 1876.*

ON the 19th of February Colonel Stokes and I, together with the staff of the Special Mission, had an audience of the Khedive for the purpose of taking leave of him.

At the conclusion of this interview His Highness warmly expressed his acknowledgments to Her Majesty's Government for the interest they had evinced in the welfare of Egypt, and requested me to convey to them his hope that they would always hold similar sentiments towards him, which he on his part should always cherish towards England.

His Highness then proceeded to acquaint us with an error he had recently discovered in his calculations affecting the land tax. He found that the revenue would on this account, at the end of ten years, be more seriously diminished than he had anticipated; so that the Egyptian Treasury would lose in 1886 2,500,000*l.*

This alteration of amount has been duly taken into consideration in the Tables accompanying my Report on the financial condition of Egypt, which I have now the honour to inclose.

It only remains for me to state that Colonel Stokes and Mr. Taylor, who, as your Lordship is aware, remained in Egypt for a short time after my departure, rejoined me in Paris, where I also met Mr. Rivers Wilson, to whom in the course of our conferences I communicated the substance of my Report.

We arrived in London on the 9th of March; and as my task is now completed, it is only right that I should acknowledge, which I do most cordially, the constant and valuable co-operation of Colonel Stokes, who has assisted me in framing my Report, and that I should also state to your Lordship that I had every reason to be satisfied with the staff of the Mission.

I found Mr. Buckley of the Foreign Office, Mr. White of the War Office, and Mr. Aucher Taylor of the Foreign Office, zealous assistants, both in my calculations and inquiries, and always ready to advance the objects of the Mission by every means in their power.

I have, &c.
(Signed) STEPHEN CAVE.

Inclosure in No. 1.

THE critical state of the finances of Egypt is due to the combination of two opposite causes.

Egypt may be said to be in a transition state, and she suffers from the defects of the system out of which she is passing, as well as from those of the system into which she is attempting to enter. She suffers from the ignorance, dishonesty, waste, and extravagance of the East, such as have brought her Suzerain to the verge of ruin, and at the same time from the vast expense caused by hasty and inconsiderate endeavours to adopt the civilization of the West.

Immense sums are expended on unproductive works after the manner of the East, and on productive works carried out in the wrong way, or too soon. This last is a fault which Egypt shares with other new countries (for she may be considered a new country in this respect) a fault which has seriously embarrassed both the United States and

Canada; but probably nothing in Egypt has ever approached the profligate expenditure which characterized the commencement of the Railway system in England.

The Khedive has evidently attempted to carry out with a limited revenue in the course of a few years works which ought to be spread over a far longer period, and which would tax the resources of much richer exchequers.

We were informed that one of the causes which operates most against the honesty and efficiency of native officers is the precarious tenure of office. From the Pashas downwards every office is a tenancy at will, and experience shows that while dishonesty goes wholly or partially unpunished, independence of thought and action, resolution to do one's duty and to resist the peculation and neglect which pervade every department, give rise to intrigues which, sooner or later, bring about the downfall of honest officials; consequently those who begin with a desire to do their duty give way before the obstructiveness which paralyzes every effort.

The public servant of Egypt, like the Roman Proconsul, too often tries to make as much as he can out of his office while it lasts, and the scandal takes place, of the retirement in a few years with a large fortune of men whose salary is perhaps 40*l.* a month, and who have plundered the Treasury on the one hand, and the peasant on the other.

The European employés of the Khedive take care, naturally, that their position should be defined and secured. This gives them freedom of thought, speech and action which has been in many cases most valuable to Egypt. Mr. Acton, sent out from the English Board of Trade, is a most useful member of this class. If men of such character and position were appointed to higher offices in the Civil Service, they would, as we believe, bring about most excellent results. They would be checks upon the adventurers who have preyed upon Egypt; and they would take care that the adviser upon public works should be in every case distinct from the person who benefits by their construction. The actual terms of the contracts require the scrutiny of men of integrity and capacity. It is admitted by contractors themselves that they charge far more than the fair amount for their work because the conditions of the contracts are so unnecessarily and absurdly onerous that they are compelled to make extra charges to protect themselves against possible loss; so that, one way or another, Egypt is the loser. An official of high rank said to us that the great want in Egypt is a body of high-class Europeans, not those who compete with each other to make money, and put pressure upon the Khedive, but men like our Indian officials, who have done so much to raise the tone of the native races.

The principal source of the revenue and of the wealth of Egypt is the land. Agriculture here is almost independent of seasons, but it is dependent upon widely extended, laborious and costly systems of irrigation. Where these are wanting, the land quickly relapses into desert. Where these are supplied, as in Upper Egypt by the Bahr Yussuf and the Bahr Ibrahim, and more to the east by the Sweet-water Canal to Ismaïlia and Suez, whole tracts of land are brought into cultivation. It is necessary, therefore, that irrigation should be carried on completely and economically, that drainage should accompany it for the purpose of washing the salt out of the subsoil, and that the distribution of water should be carried on justly and regularly. On all these points much improvement is needed. Still the productive power of the land has immensely increased during the administration of the present Ruler, as will be more particularly described hereafter.

The tenure of land varies. All land theoretically belongs to the State, as in feudal times in Europe, and similarly large estates were parcelled among the conquering races, and charged only with a fixed quit-rent called the dîme or ouchour.. The remainder of the land is held from the State by communities or individuals on payment of a tax called karadj, which is really a rent, and which was variable, and might at any time be augmented at the will of the Government. This land could not originally be leased, alienated, or devised, but relapsed to the State at each termination of ownership. More liberal and humane laws have been enacted by the present Ruler, and the land passes as easily as copyhold in England. Where land belongs to communities, the Sheykh distributes it to families for a year only, which is a great obstacle to industry. Nubar Pasha informed us that he let some land for rent in the ordinary way. Some he worked with labourers for hire; some in a sort of partnership with the labourers, who paid him a certain portion of the produce, he finding seed, implements, &c.

Labourers for hire are difficult to be obtained in many places. Almost every man has a small parcel of land to cultivate; consequently contractors agree to take a piece of work for so much, and to bring a certain number of hands from various places. They make their terms with the landowner, who knows no one but the contractor, and it often

occurs that the latter, though well and punctually paid, starves and defrauds the labourers in his gang, and great misery and oppression take place, whether the gangs so brought together are of the better sort, who feed themselves and earn, say, 5 piastres a day, most irregularly paid, or whether they are the poorest Fellaheen, obtained by help of the Mudir or Head-man of a district, who are paid nothing, but work from sunrise to sunset for their bare food, and run away at every opportunity. This uncertainty, whether as to labour and taxes by the proprietary or as to pay and position by the peasantry, lowers the value of land to such a degree that we were informed that good land in the Delta might be bought for five years' purchase. Some time ago the Khedive established a "Crédit Foncier," or land bank, for the purpose of lending money to the peasantry at moderate rates, and lost a large sum of money by it. His motives were doubtless good, but he evidently began at the wrong end, and tried to palliate the evils of a system he ought to have reformed. There have been projects lately on foot for the introduction of Chinese into Egypt, and proposals have been made to the Khedive to send people to China to organize a system of emigration, but he objects that the introduction of Chinese will be very expensive, and that there will be much trouble in enforcing their contracts. If they come of their own accord, he will be glad to employ them and to settle them on unoccupied land. We were informed that all the labourers employed in the sugar-factories were paid regular money wages, and that the soldiers who are settled in military colonies or encamped near the sugar-estates are paid about 1*s.* a day, or by the task, besides their military pay; and as they work under their officers, it is said that twenty-five do as much work as sixty ordinary labourers. Besides these there are undoubtedly *corvées* and people working out the land tax paid for them by the Khedive.

The Daira Samieh, or private estate of the Khedive, consists of some 350,000 feddans* of good land, chiefly in Upper Egypt, besides 100,000 feddans of poor land not under cultivation. Of the former he lets about half and keeps about half in hand. The net revenue of the whole is estimated at 422,000*l.* in round figures. About 15,000 acres of what the Khedive keeps in hand are planted in cotton, and 120,000 in what is called winter cultivation, *i.e.*, corn and vegetables of various kinds. But the most important industry is the cultivation of the sugar-cane and the manufacture of sugar: 40,000 acres are planted with canes, and there are 12 large factories with most elaborate machinery at work.

The fault here, as in so many other instances, has been that this industry has been established without due consideration. Very large factories were built before the land was ready to supply them. They have not been placed in the middle of the estates, but near the main railway; consequently the canes have to be brought many miles by locomotives to the factories, involving a large consumption of coal, and making super vision more difficult. Some factories, full of costly machinery, have been abandoned, others left unfinished with the machinery already on the spot; steam machinery for irrigation has been erected and never used.

The manufacturing accounts can be accurately kept. Those for cultivation are complicated by *corvées* and military labour, and labour in payment of debts. We have heard the cost of cultivation, including the cutting of the canes, estimated at 5*l.* per acre. The sugar-estates, we feel convinced, bring in a return beyond their working expenses, and this will increase year by year as the cultivation improves, as more land is brought under canes, and the full power of the machinery brought into play. Much economy has already been effected by the utilization of the refuse of the factories for manure, and by the better management of the megass, or cane-stalks, which now almost wholly replace coal, both in driving the machinery and evaporating the sugar. It would therefore be unadvisable that these estates should be given up. But the original faults can hardly be remedied, and it seems impossible that there should ever be an adequate return for the capital, especially as so much was provided by loans at a high rate of interest.

It is therefore with great apprehension that we hear of the capital account of the Daira being still open, and of vast schemes of irrigation costing millions being under consideration.

We were informed before leaving England that Egyptian sugar had been sold in London for less than cost price. This might have been owing to a faulty system by which merchants were favoured at the expense of the grower, or pressing debts discharged in sugar at prices below the market value, or to buyers who had combined to make a monopoly, having been obliged to realize at a loss. A deceptive mode of sampling had also given a bad name to Egyptian produce. A very much better system now prevails and will soon produce good effects. The sampling is honestly and carefully performed; the sugar is sold at public sales, and a genuine competition is commencing, so

* The feddan nearly corresponds to the English acre.

that Egyptian sugar, which is of excellent quality, may be expected to give better returns. A fact has been mentioned to us by a high authority here, in confirmation of his opinion that sugar does not pay and ought to be given up, namely, that French refined sugar in Alexandria competes with native sugar, notwithstanding an 8 per cent. duty. But this has been explained by practical people in two ways. First, there is no refined, *i.e.*, loaf sugar, sent to Alexandria for sale as a regular system (not more than 2,000 tons are made at present altogether, namely, at Minieh); the highest of the three qualities made for the market is white crystallized sugar. Secondly, the bounty in form of drawback given by the French Government enables French sugar in Egypt, as in England, to compete unfairly with other sugar, though with regard to Egypt there is this excuse—that Egyptian sugar is protected by a Customs duty unbalanced by an excise on native produce.

It has been said that the public accounts, as well as those of the Daira Samieh, have been made with a view to deceive. It seems possible that an intricate statement may be preferred for the purpose of retaining power in the hands of the Finance Minister, in whose office no European is at present employed, or even allowed to enter. But we can hardly imagine that a designedly fictitious statement would be published year after year, and yet that it should be proposed that an inspection of accounts should take place by an experienced financier to remain here for at least five years, with access to all the records.

That the accounts are kept in a slovenly imperfect manner is evident on the face of them. Take for instance the Budget for 1876, and the "Compte Rendu" for 1875, which contain items jumbled together in a most extraordinary way, such as a railway in Soudan and a canal in Egypt in one sum. If we examine the accounts of the Customs, which are under the Finance Minister, we shall find no complete official table of the imports and exports of each Custom-house in Egypt, specifying the kind, the quantity, the value, the place from whence they come, or their destination. Moreover, the returns of quantity are made on no principle whatever, being sometimes according to weight, sometimes according to number, size of parcel, so many pairs, &c., and the periods are sometimes according to the Coptic, sometimes according to the Gregorian calendar, which, it is scarcely necessary to say, do not correspond.

Table No. 8 in the Appendix may serve to show how much reform is required in this branch of the service, upon which so important an amount of revenue depends.

According to a calculation made from the imperfect data accessible to the public, it has been estimated by a high independent authority, that the receipts from the Custom-house of Alexandria alone for the year 1872 ought to have amounted to 558,727*l.*, whereas the return of receipts from all the ports reached only 541,215*l.*, or 17,510*l.* less than it ought to have been from Alexandria alone.

Again, the receipts and expenses of railways for the year 1874-75 (1591 Coptic) give the receipts at the different stations with great minuteness, even to an entry of 4 piastres. But the salaries and wages, amounting to 195,297*l.*, are comprised in one sum, with no particulars of the payments to any particular class, nor even of the number of officials or servants employed; the same may be said of a single entry of 137,010*l.* for repairs of engines and carriages. It is therefore easily to be understood that the receipts of the railways are generally supposed to be one-fifth lower than they ought to be under efficient management.

It may be mentioned here that all construction of new railways, except that of the Soudan, is suspended, and that this, which is called Nubar's line, is confined to the portion of the Nile between Wady Halfa and Hannek, about 200 miles; to cost, fully equipped, with machinery already on the spot, 7,000*l.* per mile. The remainder of Fowler's original line, 350 miles from Hannek to Shendy, across a very difficult country, has been given up. The cataracts on this upper part of the Nile can be navigated during nine months in the year; but those on the line which is in course of construction are almost always impassable.

The Soudan is, we are informed, a rich, populous country, growing much corn. After paying the expenses of Darfour and the expedition to the great lakes, it contributes to the Treasury, according to the public accounts, a net revenue of 150,000*l.*

The occupation of Darfour and the expedition to the equatorial lakes are not, commercially speaking, successful. The Khedive has engaged to some extent in these enterprises for the sake of the suppression of the Slave Trade, and the Abyssinian war was almost forced upon him. It is probable that he will retire as soon as possible from Abyssinia and the Equator. Extension of territory and of trade may have attractions for the Khedive, but he is not dazzled by the barren glory of war.

According to the documents handed to us by the Khedive, and to information

furnished verbally by His Highness, and tested by such means as were in our power, the present position of the Egyptian finances is as follows:—

The revenue of Egypt has increased from 55,000*l.* a year in 1804, 3,300,000*l.* in 1830, and 4,937,405*l.* in 1864, the second year of the Khedive's administration, to 7,377,912*l.* in 1871, the year previous to the changes caused by the law of Moukabala. Under this law all landowners could redeem one half of the land tax to which they were liable by the payment of six years' tax, either in advance in one sum or in instalments. Those who paid down this contribution in one sum received an immediate reduction of their tax; those who elected to make the payment in instalments receive a discount of $8\frac{1}{3}$ per cent. on their advance, and the reduction only takes place on the completion of their contribution.

The extreme term for the entire redemption of each contributor's tax was at first fixed for six years; but as the law was either not properly understood, or the small owners were unable to make so heavy a payment annually, as their land tax plus its amount minus $8\frac{1}{3}$ per cent., the term was extended from six to twelve years, two years after the first promulgation of the law, so that it now has ten more years to run, during which the contributing land owner has to pay land tax plus one half the tax ($\frac{6}{12}$) and minus $8\frac{1}{3}$ per cent of the same.

The annexed Table (4) shows the operation of the system since its institution, and the amount of income to be derived from it during the next ten years, to the end of 1885.

It is most advantageous to the landowner who can afford the present sacrifice, as in addition to the advantage of securing in perpetuity the redemption of half his tax by a payment of five and a half times its present amount, to which it is reduced by the discount allowed $\left(\frac{8\frac{1}{3}}{100} \cdot \frac{1}{2} \times 12 = \frac{1}{2}\right)$, he secures an indefeasible title to his land, the tenure of which is at present of an uncertain character.

To the State the arrangement is a ruinous one from a fiscal point of view, as the Khedive has bound himself in the most solemn manner not to re-impose the redeemed moiety of the tax in any shape whatever, and he has thus sacrificed for all time 50 per cent. of revenue from this source in order to realize eleven times the annual amount remitted during a period of twelve years. The original intention of the law was to realize at once, or in a few years, sufficient capital to pay off the floating debt, but by extending its operation the sum raised annually has only sufficed to pay the interest on it.

The revenue now produces annually 10,689,070*l.*, but of this amount the moukabala, 1,531,118*l.*, is terminable, and will drop out of the account in ten years, *i.e.*, in 1886, whilst at the same time the land tax will fall from 4,305,131*l.* to 2,634,824*l.*

The normal expenditure amounts to 9,080,681*l.*, of which 5,036,675*l.* is devoted to paying interest and sinking funds of the various State loans, of which an account will presently be given.

The private loans of the Khedive are not chargeable to the State, except in two instances, namely, the Moustapha Pasha Loan of 1867, and the Anglo-Egyptian Daira Loan of 1865. These loans and a portion of the Daira floating debt, amounting to 3,000,000*l.*, have been taken over by the State for value received.

The revenue has certain elements of elasticity in it, but these are not likely to be very active in operation.

The principal of these is the Land Tax, which, after its reduction under the operation of the Moukabala Law, will probably grow with the increasing area of cultivation, an increase likely to receive an impulse from the reduction of the tax. At present 4,805,107 feddans pay tax as under cultivation, which, compared with the 4,051,976 feddans cultivated in Said Pasha's time, show an increase of $18\frac{1}{2}$ per cent. during the present Government. 352,350 feddans have also been brought under cultivation and will shortly be assessed for taxation. As this will be effected gradually no immediate increase of revenue will take place, but an addition of 180,000*l.* a year from this source may be expected in the course of the next five years.

A further area of 267,650 feddans will become liable to taxation after it has been surveyed, from which an additional 140,000*l.* a year may be expected.

These two additions to the cultivated area amount to 620,000 feddans, or 15 per cent. of the land under cultivation at the Khedive's accession, making therefore in all an addition of $33\frac{1}{3}$ per cent. during his rule of thirteen years.

There are still 1,098,000 feddans of cultivable ground, which have been registered but not yet cultivated.

The net revenues of the railways have increased from 750,000*l.* a year in 1873, to 990,800*l.* in 1875, but this rate of increase cannot be entirely relied upon, as more of the gross receipts will necessarily be required for maintenance and renewal as the

permanent way becomes worn, and deficient crops would cause diminished traffic. Still, even after making these allowances, an honest and intelligent administration of the railways would probably produce a larger revenue.

	Miles.
The extent of railways in 1873 was	1,110
Were added in 1874-5	100
	1,210

These lines have been constructed at an average cost of about 11,000*l.* per mile. Other lines have been projected, but the only important one actually in the course of formation is that in the Soudan. This is not the original Soudan line, but, as explained above, a section of it only, required to pass the worst cataracts.

The Customs duties may also be expected to improve. There has been a steady and gradual increase of the exports of cotton, which have risen from 1,253,593 quintals in 1867 to 2,615,120 quintals in 1874.

In the thirteen years of Ismail Pasha's rule, the quantity of cotton exported has been 3·6 times that of the exportation of the preceding thirteen years, or an increase of 257 per cent. The fall in price has caused disappointment, and may check production, it being now doubted whether corn does not pay better. At the same time improved machinery enables cotton to be more effectually separated from the seed, from which oil and cake are now largely made.

In the general returns of exports and imports there is also a marked improvement.

The total value of imports from 1863 to 1875 amounts to 61,939,736*l.*, against, from 1850 to 1862, 29,641,155*l.*, showing an advance of 100 per cent. in thirteen years.

Exports have quadrupled during the same period, having increased in value from 36,339,543*l.* to 145,939,736*l.*

During the thirteen years the growth of the population of Egypt has been considerable, the births having exceeded the deaths by 636,809.

Education has been carefully attended to, the number of schools established on an European model having increased from185 in 1862 to 4,817 in 1875.

In the latter year there were 4,817 schools, with 6,048 masters and 140,977 pupils, being an augmentation on the previous year of 1,072 schools, 1615 masters, and 27,722 pupils.

The quality of the education given necessarily varies, but it has on the whole decidedly improved, and is in some cases of a very superior character.

These statistics show that the country has made great progress in every way under its present ruler, but, notwithstanding that progress, its present financial position is, for the reasons that have been already stated, very critical. Still the expenditure, though heavy, would not of itself have produced the present crisis, which may be attributed almost entirely to the ruinous conditions of loans raised for pressing requirements, due in some cases to causes over which the Khedive had little control.

The loans have been raised as follows:—

In 1862 Said Pasha contracted the first loan. The nominal amount was 3,292,800*l.*, repayable in thirty years; the interest 7 per cent., and the sinking fund 1 per cent. We have no particulars of the amount really received on this loan.

In 1864 the first of the present Viceroy's loans was contracted. The nominal amount was 5,704,200*l.*, of which, however, only 4,864,063*l.* was received. The interest and sinking fund on the nominal amount were respectively 7 and 3·87 per cent., but on the amount received they were 8·2 and 4·5, or, together, 12·7 per cent., instead of 10·87 per cent. on the nominal value. This loan was redeemable in fifteen years, and will, therefore, be paid off in 1879.

The Loan of 1868 was not made redeemable till 1898; its nominal amount was for 11,890,000, of which only 7,193,334*l.* was received. The apparent interest and sinking fund of 7 and 1 per cent. became therefore 11·56 and 1·68 per cent., or, together, 13¼ per cent.

In 1873 a further loan was contracted for a nominal amount of 32,000,000*l.*, at 7 per cent. interest and 1 per cent. sinking fund, but as only 20,062,658*l.* was even nominally received, these figures became 11·0 and 1·62 per cent., and the charge, 12·62 per cent.; but of this 20,062,658*l.*, at least 9,000,000*l.* were paid into the Treasury in bonds of the floating debt taken at 93 per cent. The Treasury may therefore be held to have received 20,740,077*l.*, and the annual charge amounts to only 12·3 per cent. on this sum.

A loan was raised for the construction of railways in 1866. Its nominal amount was 3,000,000*l.*, at 7 per cent. The amount received by the State was 2,640,000*l.*, which

raised the interest to 8 per cent. The full amount of 3,000,000*l.* was repaid by six annual instalments of 500,000*l.* each, from 1st January, 1869, to 1st January, 1874, a rate equivalent to a sinking fund of 18·9 per cent.; so that during six years this loan entailed on the State an average charge equal to 26·9 per cent. of the amount realized.

In addition to these regular State loans there are two Daira loans, which have been transferred to the State against value received. These are :—

The Anglo-Egyptian Loan of 1865 for 3,000,000*l.*, at 9 per cent. interest and sinking fund of 3·27 per cent., in all, 12·27 per cent.; and the Mustapha Pasha Loan of 1867 for 2,080,000*l.*, which was raised at 9 per cent., with a sinking fund of 3·4 per cent., in all, 12·4 per cent. Both of these loans will have been repaid by the end of 1881.

The personal loan of the Khedive, raised on his private estates in 1870, was obtained on slightly more onerous terms than the State loans, excepting that for railways. To obtain 5,000,000*l.*, His Highness engaged to pay back 7,142,860*l.* in twenty years, with 7 per cent. interest on this nominal amount. So that he really pays on the amount received 10 per cent. interest and 3·36 per cent. sinking fund or a yearly charge of 13·36 per cent.

The following Table shows these loans at a glance :—

Loan of—	To be Paid off in—	Nominal Amount of Loan, but Real Debt of State.	Charge on Nominal Amount.			Amount Realized.	Real Charges on Amount Realized.			Remarks.
			Interest.	Sinking Fund.	Total.		Interest.	Sinking Fund.	Total.	
		£	Per cent.	Per cent.	Per cent.	£	Per cent.	Per cent.	Per cent.	
1862	1892	3,292,800	7	1	8	..	..	..	..	No particulars of amount realized.
1864	1879	5,704,200	7	3·87	10·87	4,864,063	8·2	4·5	12·7	
1866	1874	3,000,000	7	..	..	2,640,000	8	18·9	26·9	Railways loan, repaid by six annual payments of 500,000*l.*, equivalent to a sinking fund of 18·9 per cent.
1868	1898	11,890,000	7	1	8	7,193,334	11·56	1·68	13¼	
1873	1903	32,000,000	7	1	8	20,740,077	10·8	1·56	12·36	
						35,437,474				
Daira taken over by the State.										
* 1865	1881	3,000 000	9	3·27	12·27	3,000,000	..	..	12·27	No particulars of amounts realized, but probably the whole.
* 1867	1881	2,080,000	9	3·4	12·4	2,080,000	..	..	12·4	
						5,080.000				
The Daira Loan of His Highness the Khedive										
1870	1890	7,142,860	7	2·35	9·35	5,000,000	10	3·36	13·36	

From this Table it is seen that none of the Egyptian loans cost less than 12 per cent. per annum, while some cost more than 13¼ per cent. per annum, and the railways loan even 26·9 per cent. per annum, including sinking funds.

A Return furnished by the Minister of Finance sets the amount paid for interest and sinking funds of the public loans to the end of 1875 at 29,570,994*l.*†

According to the same Return, the revenue received from 1864 to 1875 inclusive amounted to 94,281,401*l.* During the same period the expenses of administration, including tribute to Constantinople, were 56,461,363*l.*; and the Government expended on the Suez Canal, on different works specified in the subjoined list, and on certain compensations and transactions, 56,654,722*l.*

The debtor and creditor account of the State, from 1864 to 1875, stands thus :—

* The Return of the Finance Minister does not include these loans, which were probably expended on lands.

† According to the Loan Contracts the service of the loans should only have cost 27,923,716*l.* to the end of 1875. This sum may have been swollen by extra charges.

RECEIPTS.

	£
By Revenue	94,281,401
Loans	31,713,987*
Sale of Suez Canal Shares	3,976,583
Floating Debt	18,243,076
	148,215,047

EXPENDITURE.

	£
Administration	48,868,491
Tribute to the Porte	7,592,872
Works of utility, &c.	30,240,058
Extraordinary expenses—some of questionable utility, and others under pressure of interested parties	10,539,545
Interests and Sinking Funds	34,898,962
Suez Canal	16,075,119
	148,215,047

Two striking features stand out in this balance-sheet, namely, that the sum raised by revenue, 94,281,401*l.*, is little less than that spent on Administration, Tribute to the Porte, Works of unquestionable utility, and certain expenses of questionable utility or policy, in all amounting to 97,240,966*l.*, and that for the present large amount of indebtedness there is absolutely nothing to show but the Suez Canal, the whole proceeds of the Loans and Floating Debt having been absorbed in payment of interest and sinking funds, with the exception of the sum debited to that great work. It is to be further observed in connection with this subject that the necessity of paying large amounts to the Suez Canal Company obliged the Egyptian Government to resort to its earlier loans in 1864 and 1868.

The operation of the law of the Moukabala as above described is itself, perhaps, the most striking instance of the reckless manner in which the means of the future have been sacrificed to meet the pressing needs of the present. Before the law was enacted, the land-tax yielded as nearly as we can judge, 4,793,459*l.* a-year. The operation of the Moukabala was to give to the Government six times this amount, or about 28,760,754*l.* Of this a part was to be returned in discount at $8\frac{1}{3}$ per cent., and 2,396,729*l.* will have been so returned by the end of 1885, leaving to the Government a total of 26,363,888*l.*, the receipt of which will have been spread over fourteen years, in exchange for which the Government has surrendered in perpetuity revenue to the amount of nearly 2,500,000*l.* a-year.

The immediate pressure arises from the Khedive's inability to take up the bonds of his unfunded floating debt, now falling due at short intervals, and estimated by His Highness at 18,243,076*l.* at least, after deducting the 4,000,000*l.* which have been extinguished by the purchase-money of the Canal shares.

This unfortunate position is due in great measure to the onerous conditions of the Loan of 1873, which was contracted for the express purpose of clearing off the floating debt, amounting at that time to 28,000,000*l.* By these conditions the nominal amount of 32,000,000*l.* was reduced to an apparent effective of 20,740,077*l.*, of which 9,000,000*l.* were paid in the bonds of the floating debt. These bonds, purchased by the contractors at a heavy discount, and sometimes at a price as low as 65 per cent., were paid into the Treasury at 93 per cent., an operation which materially enhanced the profits accruing to the negotiators of the loan.

An examination of the contracts of the several loans shows that every available portion of the revenue has been pledged, sometimes more than once.

The Loan of 1873 swallows up every resource. It is guaranteed, first by all the general revenues of Egypt, and then especially by—

1. All the railway revenues of Lower Egypt, with a trifling exception. (This security is estimated at 750,000*l.*, but not limited to that amount.)

2. The receipts from the personal and indirect taxes assessed at 1,000,000*l.*

3. The receipts from the salt tax, 200,000*l.*

4. 1,000,000*l.* a year from the Moukabala, or commuted land tax (of short duration.)

And lastly all the revenues already given in pledge to all other loans as they by degrees become liberated by the paying off of those loans.

These last-named securities include—

* The greater part of the Loan of 1864 having been applied to the payment of the debts of the Khedive's predecessor, is not included in this return, which therefore differs from the amount given in the Table.

The revenue of Province of Rodat-el-Bahrein (the Delta).
The Egyptian Customs duties.
The bridge and lock dues.
All the farmed duties, such as the duties on salt and fresh fish.
Sheep tax.
Oil tax.
Duties on ferry-boats and barges.

As, therefore, every security of real value is pledged, and as, without the means fo meeting the floating debt, a very serious crisis in the financial affairs of Egypt must take place, which would be fatal to the interests of the bondholders under her various loans, it would seem that the most feasible mode of averting the danger would be to buy up, for the purpose of consolidation, the loans of 1860 and 1873, and the bonds of the floating debt. By this means the revenues now pledged would be liberated, and would be available as securities for a new loan, to be issued at a moderate rate of interest.

There is, however, an essential condition on which the success of some scheme of this character depends, namely, that the Khedive should place a person who would command general confidence, such for instance as the financial agent sent out by Her Majesty's Government to take employment under His Highness, at the head of a Control Department which should receive direct from the tax-collector certain branches of revenue to be defined, but comprising the land-tax and Moukabala, and should have a general supervision of the incidence and levying of the taxes.

If the tax-collectors throughout the country were placed under the orders of this Department, it would have power to check frauds on the Exchequer on the one hand, and the extortion practised on the Fellaheen on the other. Inspectors should be sent round to take specimen districts, so as to ascertain what every peasant, every sakkia, every date-tree, every feddan has paid during the year, and to trace the amount through the various hands through which it passes before it reaches the Treasury. In this manner it might be proved whether the burdens on the people are aggravated by the misconduct of their head men, and how far the system prevails of collecting taxes at the wrong time of year—of levying perhaps one year's taxes at the end of the year, and again immediately after at the beginning of the next, under which, it is to be feared, that three years' taxes are sometimes paid in two years.* The system of practically forced loans, which the peasant cannot distinguish from taxes, might also be inquired into; as also whether any special duties, such as those on date-trees, sakkias and shadoofs (methods of irrigation), lead to oppression and extortion.

His Highness should undertake to consider the recommendations made to him by his Control Department, and to remedy any well-substantiated cases of maladministration that might be brought before him. By these means an important element of future wealth and prosperity would be introduced into the country: as the fellaheen thus protected from oppression and able to employ the means now wrung from them by the tax-collectors, in excess of what comes into the State Treasury, would add materially to the present resources of the country.

His Highness should further engage to make no fresh loans without the consent of the Control Department.

The details of this plan can be worked out when the principle has been settled.

With guarantees of this kind it might be possible to make the required arrangements, and the present debts having been replaced by one amount at moderate interest there is no reason why the country should not quickly recover.

The liabilities of the Egyptian Government are—

Loans.	Paid Off.	To be Paid.	Expires.
	£	£	
1862	775,800	2,517,000	1892
1864	3,572,200	2,132,000	1879
1868	1,167,480	10,722,520	1898
1873	686,343	31,313,657	1903
Moustapha, 1867	922,500	1,157,500	1881
Daira Loan of 1865, backed by Treasury..	1,542,688	1,457,312	1881
Floating Debt	..	18,334,960	.
Abyssinian War expenses	..	1,000,000	

* These complications are likely to increase in consequence of the substitution of the Gregorian for the Coptic style at the commencement of the present year.

The debts of the Khedive's Daïra, which it is desirab leto bring into the general arrangement, are as under :—

	£
The Loan of 1870—	
Unpaid capital	6,032,620
Floating Debt	3,000,000

The present Revenue of Egypt consists of :—

	£
Land Tax	4,305,131
Moukabala	1,531,118
Other sources of revenue	4,852,821
	10,689,070

These figures will probably be maintained till the end of 1885, and this revenue will go on increasing unless any unforeseen calamity befalls the country.

In 1886 the Moukabala will cease, and the Land Tax will be diminished by the redemption of the tax, on a large portion of the land. On the other hand, fresh lands which are already brought under cultivation will then have begun to pay tax, and it may be confidently expected that other lands now waste will in the next ten years have been brought under cultivation and become tax-paying. It is also reasonable to suppose that other sources of revenue will have become more productive.

The Revenue of 1886 and following years may, therefore, be assumed to be at least equal to the following amounts :—

	£
Land Tax	3,134,824
Other sources of Revenue (10 per cent. more than in 1876)	5,338,103
Total	8,472,927
In round numbers	8,473,000

The amount of unpaid capital on the loans is as follows :—

Small Loans (nearly paid off).	Unpaid Capital.	Annuity.	Expires in.
	£	£	
1864	2,132,000	620,312	1879
Daira Loan of 1865 (Anglo-Egyptian) ..	1,457,312	368,350	1881
1867 (Moustapha)	1,157,500	258,024	1881
Annual amount	..	1,246,686	

The larger Loans.	Unpaid Capital.	Annuity.	Expires in.
	£	£	
1862	2,517,000	263,972	1892
1868	10,722,520	953,303	1898
1873	31,313,659	2,565,670	1903
Daira (1870)	6,032,620	668,000	1890
Floating Debt of the State	18,243,076	..	..
Ditto of the Daira	3,000,000	..	..
Total	71,828,875	..	
Say	72,000,000	..	

It might simplify any scheme for the consolidation of the debt if the loans which expire within the next six years, and whose annuities can be paid out of the revenue derived from the Moukabala, were excluded from it.

In this case, in considering the amount of 72,000,000*l.* given above to be dealt with by consolidation and the resources to meet the annual charges upon it, the following points are to be noted :—

As concerns the funded debt, the interest on the nominal amount of the loans with which alone we have now to deal is not excessive, but the sinking funds add to it a yearly charge which is too heavy for the revenue. Were the term of repayment deferred this charge would be lightened; it is, therefore suggested that an offer might

be made to the bondholders of these loans of a new stock at 7 per cent., repayable by the year 1926, instead of the bonds they now hold redeemable from 1892 to 1903. The inducement to these bondholders to accept the deferred payment would be the security given for the punctual payment of the debt charges, by the special Control Department, to be instituted by the Khedive as above described. A condition of the arrangement would be the transfer of the resources of the country from the service of special loans to the service of the whole debt.

It may be expected that if the gravity of the situation is explained to the bondholders they will consent to an arrangement for securing to them a fair return on their money, and saving them from the heavy loss inseparable from a financial collapse.*

As regards the floating debt, it may be supposed that the holders of Treasury Bonds, which have been frequently renewed and now represent a value far in excess of the amount paid to the Khedive, would willingly take bonds for the present nominal amount of these bonds with an assured interest and repayment.

It remains to examine whether the resources of the country are equal to the payment of the necessary annuity for covering this payment of interest and sinking fund.

	£
As above shown, the amount of Funded and Unfunded Debt to be paid off, independently of the three small Loans, is	72,000,000
If to this be added, for the expense of the Abyssinian War	1,000,000
And for the cost of this operation	2,000,000
We have a total amount of	75,000,000

For the interest and sinking fund of which provision would have to be made. The annuity to repay this sum in fifty years with interest at 7 per cent. per annum would be 5,434,425*l.*, but as the Daïra Loan and Floating Debt have been taken into the operation, a proportion of this charge will fall on the private estate of the Khedive and not on the State; this proportion would be 672,608*l.*,† leaving 4,761,817*l.* to be furnished by the State.

The permanent charges of the Budget are:

	£
Tribute to Constantinople	685,308
Interest on Suez Canal Shares till 1895	198,829
Administration (including Civil List of His Highness and family)	3,067,560
	3,951,697
Say	4,000,000
The Revenue of 1876 to 1885 should be	10,689,000
Less the Moukabala (which we propose to deal with separately)	1,531,000
	9,158,000
Deduct the permanent charge	4,000,000
	5,158,000
The charge for interest and Sinking Fund	4,761,817
Leaves a working surplus of	396,183
But in 1886 and subsequent years we have shown that the Revenue will be only (except the growth that may be expected in the future)	8,473,000
Deduct permanent charge	4,000,000
	4,473,000
Service of Debt	4,761,817
Leaving a deficit of	288,817

This deficit might be dealt with by reserving the produce of the Moukabala receipts. These receipts will be 1,531,818 a year until the end of 1885.

The charges on them will be:

* It must be observed that, by clause 19 in the contract of the Loan of 1873, the Khedive engages to make no fresh loans before 1878, except to the extent of 10,000,000*l.* sterling for public works. It is alleged, however, that this engagement would not be broken by a loan for the purpose of funding existing debts.

† The Loan alone, without the interest of floating debt, now costs the Khedive 668,000*l.* a-year so that this sum can be well borne; as shown by His Highness' Daïra account.

		Surplus.
	£	£
In 1876, Annuities of the Loans of 1864, 1865, 1867 ..	1,246,686	284,432
1877, ditto ditto	1,246,686	284,432
1878, ditto ditto	1,246,686	284,432
1879, ditto ditto	1,246,686	284,432
1880, Annuities of the Loans of 1865, 1867 . ..	626,374	904,744
1881, ditto ditto	626,374	904,744
1882	..	1,531,118
1883	..	1,531,118
1884	..	1,531,118
1885	..	1,531,118
1886	..	9,071,688

This Reserve Fund would probably be increased by accruing interest up to 1885, or if circumstances should admit of a large portion of it being employed in the redemption of bonds, it is clear that the diminution of charge would convert the deficit caused by the reduction of the land tax in 1886 into a surplus. The Moukabala should be absolutely vested in the Control Department, and be applied by it, so that security should thus be provided against possible fluctuations of revenue.

It would appear from these calculations that the resources of Egypt are sufficient, if properly managed, to meet her liabilities, but that as all her available assets are pledged for the charges of existing loans, some fresh combination is necessary in order to fund at a moderate rate the present onerous floating debt.

The annual charge upon the people of Egypt is heavy, and has increased; but the power of meeting it, that is, the wealth of the country as indicated by its exports, has increased in a far greater degree. And it must be remembered that this annual charge includes not only a sinking fund for the redemption of debt, but a very large proportion of what we should call local taxation. It also includes the cost of much that is done in this country by private enterprise, such as railways, canals, harbours, docks, &c., besides actual rent of lands belonging to the State, and repayment of advances during periods of scarcity and murrain.

We gather from all the information that we have been able to obtain that Egypt is well able to bear the charge of the whole of her present indebtedness at a reasonable rate of interest; but she cannot go on renewing floating debts at 25 per cent. and raising fresh loans at 12 or 13 per cent. interest to meet these additions to her debt, which do not bring in a single piastre to her Exchequer.

STEPHEN CAVE.

Appendix No. 1.

Budget of the Egyptian Government for the Year 1876.

RECEIPTS.

	Bourses	pias.	Bourses	pias.
Provinces of Upper and Lower Egypt—				
Tax on lands, either Kharaghis or Ouchoury	839,500	323		
Tithes on date trees	36,934	81		
Patents (licenses)	82,346	132		
Octroi, duties on sheep and other duties	98,517	338		
Moukabala on lands	314,858	128		
			1,372,157	2
Customs			124,737	287
Net revenue from railways			193,207	28
Revenues from the octroi of Cairo and Alexandria, revenues from the Governments and Prefectures of Police of Cairo, Alexandria, Damietta, Rosetta, Suez, Ariche, Port Saïd, and Ismaïlia			140,523	404
Salt Revenues			50,000	
Revenues from the locks of the Mahmoudiéh Canal; from "barrages," ports, and bridge of Kasr-el-Nil			32,313	87
Lease of Mattarieh (salt fish), duties on sales; and other duties collected by the Minister of Finance			106,236	237
Tobacco duties			51,483	488
Revenues from the Soudan			30,000	000
Total bourses			2,100,659	33
	Say equal to		£10,772,611	

EXPENDITURE.

	Bourses	pias.	Bourses	pias.
Tribute to Constantinople			133,635	62
Civil List of His Highness the Khedive			60,000	000
Annual allowance to His Highness the Prince Heritier			6,000	000
Sum due annually to His Highness the Prince Halim Pasha, by agreement			11,700	000
Appointments and expenses of the Ministry of Finance and its dependencies, and the Administrations included under it, as follows—				
The Maïa Sanieh (Cabinet) of His Highness the Khedive	4,338	66		
Personnel and employés of the Privy Council	2,088	127		
Ministry of the Interior	1,596	208		
Ministry of Foreign Affairs	2,155	130		
Ministry of Justice	16,448	26		
Ministry of Finance, Moukabala Commission, and Accounts	10,862	243		
Various pensions and allowances, registered under the Ministry of Finance	53,193	153		
Various expenditure, ditto	20,325	316		
Conseil d'État, Court of Appeal, Court of First Instance at Cairo, and the Chamber of Notables	3,242	268		
Irregular troops	5,792	374		
Egyptian Museum, Canal d'Ismaïlia, Office of the Suez Canal Engineers, Liquidation Department, Commission for Arrears, Archives, Provisions and Stores, &c.	6,633	297		
Customs	5,823	403		
Administration of the Mattariéh (salt fish)	1,077	296		
Foreign Agents	2,881	349		
Expenses on account of the Philadelphia Exhibition	2,244	66		
			138,703	322
Appointments and expenses of the Provinces of Upper and Lower Egypt			36,546	380
Appointments and expenses of the Governments, Prefectures, and Dependencies and Octroi, including the service of Public Ways, as follows—				
Cairo (including Hospital and Patients' expenses)	41,293	179		
Alexandria, ditto	20,306	313		
Damietta, Rosetta, Suez, Ariche, Port Saïd, and Ismaïla	12,484	461		
Octroi	5,219	368		
			79,304	321
Appointments and expenses of locks and "barrages," of the Mahmoudiéh Canal, and for bridge at Kasr-el-Nil			5,260	285
Appointments and expenses of the Ministry of Public Works			1,681	345
Appointments and expenses of the Ministry of Public Instruction (besides the revenues of schools which possess large properties)			8,740	102
Appointments, expenses, pensions, annual allowances, allowance for the Sourreh, for the Mecca caravan, expenses for the forts of Hedjaz, cost and charges on corn intended for charity, &c; all registered under the Rouznaméh			38,989	231
Appointments and expenses of the Ministries of War and Marine			171,247	137
Works contracted for, for the Soudan Railway, and for part of the Canal at Ismailia, &c.			40,000	000
Interest on the Bonds of Rouznaméh			18,000	000
Interest on the Suez Canal shares due in the month of July 1876			19,500	000
Annuities and loans (redemptions and interest)			982,151	385
			1,751,461	70
	Say equal to		£8,981,852	

BALANCE.

	£
Receipts	10,772,611
Expenditure	8,981,852
Surplus	1,790,759 which will serve for paying off the interest on the Floating Debt

A bourse is 500 piastres Tariff. A pound sterling equal to 97½ piastres Tariff.

Appendix No. 2.

Cultivated Lands in the Provinces of Upper and Lower Egypt in the Coptic Year 1591, corresponding to A.D. 1874-75.

	Feddans.	Feddans.	Feddans.
Lands subject to tax and borne upon the Register (Cadastre)—			
Kharadgis*	3,513,941		
Ouchoury†	1,291,166		
		4,805,107	
Lands not subject to tax and not borne upon the Register, viz.:—			
Ouchoury conceded in virtue of Taksids (Title of Concession) delivered by the Rouznameh, which have still to be made the object of an ulterior verification, according to which the tax will be fixed	352,350		
Lands distinct from the Register, and others for which no Taksid has yet been given, *i.e.*,			
Feddans,			
Taxable like the lands Ouchury at the respective dates, conformably with the decision of the Chamber of Notables 70,000			
Subject to an ulterior verification and survey .. 197,650			
	267,650		
		620,000	
			5,425,107
Deduct—			
Lands cultivated under the preceding Government, that is to say, up to the year 1578 (September 1862)—			
Kharadgis	3,505,179		
Deduct the lands of Rosetta, registered under the Government of Rosetta, and therefore deducted, because these lands were not registered under the Register of the Provinces as regards the year 1591 (1875)	806		
		3,504,373	
Ouchoury	..	547,603	
			4,051,976
Difference rendered cultivable under the present Government ..	..	..	1,373,131

* Lands paying tax assessed on value of produce.
† Lands paying a fixed tithe.

Appendix No. 3.

Uncultivated Lands known according to the preceding Register made during the Reign of Mohamed Ali.

	Feddans.	Feddans.
Provinces of Lower Egypt—		
Moudirieh Garbiéh	550,000	
„ Béhéra	180,000	
„ Charkiéh	100,612	
„ Dakahliéh	49,955	
„ Galioubiéh	11,074	
		891,641
Provinces of Upper Egypt—		
Moudirieh El Ghizi-et-Attfeh	25,000	
„ El Fayoum	150,000	
„ Assiout	31,358	
		206,358
Total Feddans	..	1,097,999

Besides these lands, there exists in the Provinces of Gharbiéh, Charkiéh, Béhéra, and Dakahliéh about 1,500,000 uncultivated feddans not registered, without counting the area of lakes which may become dry.

Appendix No. 4.

Discount at the rate of $8\frac{1}{3}$ per cent., which the Proprietors of Land have engaged to pay on the sum total of the Moukabalah.

	Bourses.	Discount. Bourses.
Discount on payments made up to the end of the year 1591 (September 1875) in the aggregate (2,351,628 bourses)—		
Discount for the year 1588 (1872)	73,761	
„ „ 1589	51,923	
„ „ 1590	44,047	
„ „ 1591 (1875)	26,238	
		195,969
Discount for the 10 years remaining to the Moukabalah, that is to say, from 1876 to the end of 1885, on the sum to be paid amounting to 3,257,110 bourses each year, yielding 325,710 bourses (27,142 bourses per year)	..	271,420
Total	..	467.389 = 2,396,866*l.*

1 bourse equal to 500 piastres. $97\frac{1}{2}$ piastres equal to 1*l.* sterling.

Appendix No. 5.

Exports and Imports of Egypt during the Twenty-six Years from 1849 to 1875.

Period of 13 years under the Governments of Abbas Pacha and Said Pacha.					Period of 13 years under the Government of His Highness the Khedive.				
Exports.	Imports.	Year.	Corresponding years.		Exports.	Imports.	Year.	Corresponding years.	
£ sterling.	£ sterling.				£ sterling.	£ sterling.			
2,043,579	1,621,369	1265	1849	1850	9,014,277	3,063,487	1279	1862	1863
2,155,420	1,681,630	1266	1850	1851	14,416,661	5,291,297	1280	1863	1864
2,270,333	1,575,374	1267	1851	1852	13,045,661	5,753,184	1281	1864	1865
1,848,779	2,001,913	1268	1852	1853	9,723,564	4,662,210	1282	1865	1866
2,087,938	2,141,964	1269	1853	1854	8,623,497	4,399,097	1283	1866	1867
3,286,436	2,527,133	1270	1854	1855	8,094,974	3,582,969	1284	1867	1868
4,029,543	2,568,692	1271	1855	1856	9,089,866	4,021,601	1285	1868	1869
3,104,948	3,149,230	1272	1856	1857	8,680,702	4,502,969	1286	1869	1870
2,533,907	2,715,215	1274	1857	1858	10,192,021	4,512,143	1287	1870	1871
2,565,625	2,494,143	1275	1858	1859	13,317,825	5,005,995	1288	1871	1872
2,535,651	2,604,933	1276	1859	1860	14,208,882	6,127,564	1289	1872	1873
3,422,959	2,568,539	1277	1860	1861	14,801,148	5,322,400	1290	1873	1874
4,454,425	1,991,020	1278	1861	1862	12,730,195	5,694,820	1291	1874	1875
36,339,543	29,641,155				145,939,273	61,939,736			
Excess of exports, 6,698,388*l.*					Excess of exports, 83,999,537*l.*				

The excess of Exports during the above-mentioned period of the reign of His Highness the Khedive over the preceding periods is thus 77,301,149*l.*, or about 1,154 per cent. upon 6,698,388*l.*

Appendix No. 6.

Cotton Exported from Egypt during the Twenty-six Years from 1849 to 1875.

Period of 13 years under the Governments of Abbas Pacha and Said Pacha.					Period of 13 years under the Government of His Highness the Khedive.				
Quintals.	Rotolis.	Year.	Corresponding Years.		Quintals.	Rotolis.	Year.	Corresponding Years.	
309,495	16	1265	1849	1850	1,181,707	84	1279	1862	1863
350,376	53	1266	1850	1851	1,717,369	65	1280	1863	1864
194,247	36	1267	1851	1852	2,001,157	23	1281	1864	1865
684,689	94	1268	1852	1853	1,288,797	28	1282	1865	1866
545,232	..	1269	1853	1854	1,260,946	54	1283	1866	1867
387,780	64	1270	1854	1855	1,253,593	37	1284	1867	1868
510,452	2	1271	1855	1856	1,391,493	6	1285	1868	1869
385,517	16	1272	1856	1857	1,351,853	27	1286	1869	1870
501,070	29	1274	1857	1858	1,966,154	84	1287	1870	1871
586,347	6	1275	1858	1859	2,108,509	53	1288	1871	1872
588,478	83	1276	1859	1860	2,418,484	45	1289	1872	1873
654,943	57	1277	1860	1861	2,599,685	22	1290	1873	1874
722,797	6	1278	1861	1862	2,615,120	1	1291	1874	1875
6,421,427	62				23,154,872	29			

The excess of Export during the above-named period of the reign of His Highness the Khedive over the preceeding periods is thus 16,733,444 quintals and 67 rotolis, or about 257 per cent.

Appendix No. 7.

Details of the Number of Miles of Railways and Telegraphs established under the Government of His Highness the Khedive.

	Miles.	Total Miles.	Cost per Mile in Pounds Sterling.	Total Cost in Pounds Sterling.
			£ s.	£
Railways and Telegraphs established up to the end of September 1873, *i.e.*—				
Railways	1,110		11,112 0	12,334,320
Telegraphs as far as the Soudan	9,298		90 16	844,258
		10,408		13,178,578
Railways and Telegraphs established in 1874 and 1875, *i.e.*—				
Railways	100		10,270 0	1,027,000
Telegraphs	145		60 0	8,700
		245		
Total miles	..	10,653	Total ..	14,214,278

Appendix No. 8.

Year.	Port.	Exports or Imports.	Articles.	Quantity.	Value.	Nature of Return.	Country whence Imported.	Destination of Exports.
1869..	Alexandria	Exports	Return given ..	Return given ..	Given ..	Private only ..	Not given	Not given.
Ditto	Ditto	Imports .. .	Ditto ..	Ditto ..	Not given ..	Reliable ..	Ditto ..	Ditto ..
1870..	Ditto	Exports	Ditto ..	Ditto ..	Ditto ..	Ditto .. .	Ditto	Ditto ..
Ditto	Ditto	Imports ..	Ditto ..	Ditto ..	Given ..	Private ..	Ditto	Ditto ..
Ditto	Ditto	Ditto	Ditto ..	Ditto ..	Ditto ..	Ditto	Ditto . ..	Ditto ..
870 71 C optic) .	Ditto	Exports	Ditto ..	Ditto ..	Not given ..	Official ..	Ditto ..	Ditto ..
Ditto	Ditto	Ditto	Ditto ..	Ditto ..	Given ..	Private ..	Ditto	Ditto ..
Ditto	Ditto	Imports	Ditto ..	Ditto ..	Ditto ..	Ditto	Ditto	Ditto ..
Ditto	Ditto	Ditto	Ditto ..	Ditto ..	Ditto ..	Ditto	Ditto .. .	Ditto ..
1871..	Port Saïd. ..	Ditto .. .	Ditto ..	Ditto ..	Ditto ..	Private ..	Ditto .. .	Ditto ..
1870-71 (1587 Coptic) ..	Damietta, Port Saïd, Suez, Aziche, Cossein, Souákim, and Massowa	Import	Ditto ..	Ditto ..	Ditto ..	..	Ditto .. .	Ditto ..
		Exports	Ditto ..	Ditto ..	Not given ..	Ditto	Ditto	Ditto ..
1871-72 (1588)	Alexandria	Exports .. .	Ditto ..	Ditto .	Ditto ..	Ditto	Ditto	Ditto ..
Ditto	Ditto	Imports	Ditto ..	Ditto ..	Ditto ..	Ditto	Ditto	Ditto ..
1872	Ditto	Imports and Exports ..	Ditto ..	Ditto ..	Not given ..	Private ..	Given	Given.
Ditto	Port Saïd ..	Ditto .. .	Ditto ..	Ditto ..	Ditto ..	Ditto*.. ..	Ditto .. .	Not given.

* The returns of quantity are made on no principle whatever, sometimes by weight, sometimes by number, by size of parcel, so many pairs, &c.

No. 2.

The Earl of Derby to Mr. Cave.

Sir, *Foreign Office, March* 28, 1876

I HAVE received and laid before the Queen your despatch of the 23rd instant, reporting what passed at the interview which you held with the Khedive upon your departure from Egypt, and I have to express to you the satisfaction of Her Majesty's Government at His Highness' acknowledgment of the interest taken by them in the welfare of his country.

I avail myself of this opportunity to express to you the approval of Her Majesty's Government of your proceedings in the discharge of your mission, and to convey to you their appreciation and thanks for your able and interesting Report.

Her Majesty's Government are glad to learn that you have received valuable assistance from Colonel Stokes, and I will not fail to communicate your acknowledgment of his services to His Royal Highness the Commander-in-chief.

I have likewise received with pleasure your testimony to the services rendered to you by Mr. Buckley, Mr. White, and Mr. Taylor, who formed the staff of your Mission to Egypt.

I am, &c.
(Signed) DERBY.

EGYPT. No. 7 (1876).

Report by Mr. Cave on the Financial Condition of Egypt.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
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EGYPT. No. 3 (1876).

AGREEMENT

BETWEEN THE

BRITISH AND EGYPTIAN GOVERNMENTS

RESPECTING

JUDICIAL REFORMS IN EGYPT.

Signed at Alexandria, July 31, 1875.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1393.] *Price* 1½*d.*

Agreement between the British and Egyptian Governments respecting Judicial Reforms in Egypt.

Signed at Alexandria, July 31, 1875.

THE Undersigned, Charles Alfred Cookson, Esquire, Her Britannic Majesty's Consul at Alexandria, acting as Her Britannic Majesty's Agent and Consul-General for Egypt, and his Excellency Cherif Pasha, Minister of Justice to His Highness the Khedive, acting by order of and under instructions from their respective Governments, having held a Conference this day on the subject of the Judicial Reforms in Egypt, have agreed as follows :—

All or any of the stipulations and reservations contained in the Convention relating to Judicial Reforms, which was concluded between the French and Egyptian Governments on the 10th day of November, 1874 (copy of which Convention is annexed to this Agreement), as well as those contained in the Convention concluded between the German and Egyptian Governments on the 5th of May, 1875 (copy of which Convention is likewise annexed to this Agreement), shall be immediately and unconditionally extended by the Egyptian Government to Great Britain, and to British subjects, should the British Government at any time express a wish to this effect.

The Egyptian Government moreover agrees that any other arrangements which it may have already made, or may hereafter make, with any foreign Power in respect either to Judicial Reforms in Egypt, or to the existing Consular or other Tribunals in that country, shall be immediately and unconditionally extended to Great Britain and to British subjects, should the British Government at any time express a wish to that effect.

In witness whereof the Undersigned have signed the present Agreement, and have affixed thereto the seal of their arms.

Done at Alexandria, the 31st day of July, 1875.

(Signé) CHAS. A. COOKSON.
CHERIF.

LES Soussignés, Mr. Charles A. Cookson, Gérant de l'Agence et Consulat-Général de Sa Majesté Britannique, et son Excellence Chérif Pacha, Ministre de la Justice de Son Altesse le Khédive, agissant par ordre et d'après les instructions de leurs Gouvernements respectifs, ayant tenu une conférence ce jour au sujet de la Réforme Judiciaire en Egypte, sont convenus de ce qui suit :—

Toutes et chacune des stipulations et réserves contenues dans la Convention relative à la réforme judiciaire qui a été conclue entre les Gouvernements Français et Egyptien, le 10 Novembre, 1874 (dont copie est ci-annexée), aussi bien que celles contenues dans la Convention conclue entre les Gouvernements Allemand et Egyptien le 5 Mai, 1875 (dont copie est pareillement ci-annexée) seront immédiatement et inconditionnellement étendues par le Gouvernement Egyptien à la Grande Bretagne et aux sujets Britanniques, si à un moment quelconque le Gouvernement Britannique exprimait un désir à cet effet.

En outre le Gouvernement Egyptien convient que tous les autres arrangements qu'il aurait déjà fait ou qu'il ferait à l'avenir avec toute autre Puissance étrangère, soit concernant la réforme judiciaire en Egypte, soit concernant les Tribunaux Consulaires ou autres existant dans ce pays, seront immédiatement et inconditionnellement étendus à la Grande Bretagne et aux sujets Britanniques, si le Gouvernement Britannique à un moment quelconque exprimait un désir à cet effet.

En foi de quoi les Soussignés ont signé la présente Convention, et y ont apposé le sceau de leurs armes.

Fait à Alexandrie le trente-et-un Juillet, mil huit cent soixante et quinze.

(Signed) CHAS. A. COOKSON.
CHERIF.

Annex (A).

Protocole avec la France du 10 *Novembre,* 1874.

Le 10 Novembre, 1874, son Excellence Chérif Pacha, Ministre de la Justice de Son Altesse le Khédive, et M. le Marquis de Cazaux, Agent et Consul-Général de France, agissant par ordre et d'après les instructions de leurs Gouvernements respectifs, ayant eu une dernière conférence pour arriver à une entente définitive sur les conditions auxquelles le Gouvernement Français adhérerait à la Réforme Judiciaire en Egypte, sont convenus de ce qui suit :—

1. Les accusations de banqueroute frauduleuse, dont il s'agit à l'Article 8, alinéa *g*, titre ii, du Règlement Organique, continueront, comme par le passé, à être de la compétence de la juridiction de l'inculpé.

2. Pour le choix de l'un des Juges de Première Instance, le Gouvernement Egyptien s'adressera au Ministre de la Justice en France, dans la forme prévue pour la nomination des Conseillers de la Cour d'Appel, et le Magistrat ainsi désigné sera placé de préférence auprès du Tribunal du Caire.

3. Un des membres du Ministère Public sera choisi dans la Magistrature Française, et il est expressément entendu que, si une seconde Chambre était créée dans l'un des Tribunaux du Caire ou de Zagazig, et si, par conséquent, le personnel du parquet venait à être augmenté, un autre membre du Ministère Public serait également choisi parmi les Magistrats Français.

4. En ce qui touche la révision des Codes Egyptiens, l'Agent et Consul-Général de France adressera à son Excellence Chérif Pacha, dans le délai de quinze jours, à partir du moment où le Cabinet Français aura notifié son approbation au Gouvernement Egyptien, une note qui signalera les points de détail à éclairer dans la rédaction et l'économie de la nouvelle législation, et qui proposera les modifications utiles pour en faire disparaître les contradictions.

5. La réserve relative au statut personnel omise dans l'Article 9 du Règlement Organique, sera rétablie dans le texte de ce Règlement.

6. En ce qui touche la composition des Chambres, le Gouvernement Français ayant demandé que l'un des Magistrats chargé de juger une affaire Européenne fût, autant que possible, de la nationalité de la partie en cause, le Gouvernement Egyptien s'est engagé à appeler sur ce point l'attention de la nouvelle magistrature, chargée de régler seule l'organisation de son service. La même réponse a été faite au Gouvernement Austro-Hungrois, qui avait exprimé le même désir.

7. Les immunités, les priviléges, les prérogatives, et les exceptions dont les Consulats étrangers et les fonctionnaires qui dépendent d'eux jouissent actuellement en vertu des usages diplomatiques et des Traités en vigueur, restent maintenus dans leur intégrité; en conséquence, les Agents et Consuls-Généraux, les Consuls, les Vice-Consuls, leurs familles, et toutes les personnes attachées à leur service, ne seront pas justiciables des nouveaux Tribunaux, et la nouvelle législation ne sera applicable ni à leurs personnes, ni à leurs maisons d'habitation. La même réserve est expressément stipulée en faveur des établissements Catholiques, soit religieux, soit d'enseignement, placés sous le protectorat de la France.

8. Il est entendu que les nouvelles lois et la nouvelle organisation judiciaire n'auront pas d'effet rétroactif, conformément au principe inscrit dans le Code Civil Egyptien.

9. Les réclamations déjà pendantes contre le Gouvernement Egyptien seront soumises à une Commission composée de trois Magistrats de la Cour d'Appel, choisis d'accord par les deux Gouvernements.

Cette Commission décidera souverainement et sans appel; elle établira elle-même les formes de la procédure à suivre.

10. Ces mêmes réclamations pourront toutefois, si les intéressés le préfèrent, être portées devant une Chambre Spéciale en première instance, et une autre Chambre Spéciale en Appel, composées de magistrats appartenant, les uns aux Tribunaux, les autres à la Cour, et constituées conformément aux dispositions déjà convenues entre le Gouvernement Egyptien, celui d'Autriche-Hongrie, et quelques autres Puissances. Ces deux Chambres bien que jugeant d'après les règles de la procédure des nouveaux Tribunaux, statueront au fond conformément aux lois et coutumes en vigueur au moment des faits qui auront motivé les réclamations.

11. Les affaires qui concernent à la fois des réclamants appartenant à plusieurs nationalités seront jugées d'après celui de ces deux modes qui sera convenu entre leurs Consuls-Généraux respectifs.

12. Le règlement de ces affaires commencera avec l'installation des nouveaux Tribunaux et continuera pendant leur fonctionnement.

Les stipulations consignées dans le présent procès-verbal seront présentées dans le plus bref délai à la ratification des deux Gouvernements.

(Signé) CAZAUX.
CHERIF.

(Translation.)

Protocol with France of November 10, 1874.

ON the 10th of November, 1874, his Excellency Cherif Pasha, Minister of Justice of His Highness the Khedive, and the Marquis de Cazaux, Agent and Consul-General of France, acting by order of, and under instructions from their respective Governments, having held a final Conference with the view of coming to a definitive understanding as to the conditions on which France will give her adhesion to the judicial reforms in Egypt, have agreed as follows :—

1. Charges of fraudulent bankruptcy, which are dealt with in Article 8, paragraph *g*, chapter 2, of the Organic Regulations, shall continue to be within the competency of the jurisdiction to which the accused was heretofore subject.

2. For the choice of one of the Judges of the First Instance, the Egyptian Government shall apply to the Minister of Justice in France in the form provided for the nomination of Judges of the Court of Appeal, and the Magistrate thus appointed shall be attached, by preference, to the Tribunal of Cairo.

3. One of the Members of the Ministry of Justice shall be chosen from the French Magistracy, and it is expressly understood that, if a second Chamber be created in one of the Tribunals of Cairo or of Zagazig, and in consequence the number of Officers of the Court be increased, another member of the Ministry of Justice shall be also chosen from French Magistrates.

4. In regard to the revision of the Egyptian Codes, the Agent and Consul-General of France shall within fifteen days from the time when the French Cabinet shall have notified its approbation to the Egyptian Government, address a note to his Excellency Cherif Pasha, pointing out in detail what requires to be cleared up in the text and arrangement of the new laws, and proposing modifications calculated to remove contradictions.

5. The reservation relative to personal status, omitted in Article 9 of the Organic Regulations, shall be re-inserted in the text of those Regulations.

6. In regard to the composition of the Courts, the French Government having requested that one of the Magistrates whose duty it is to decide a suit with a European, shall be, as far as possible, of the nationality of the party concerned in the suit, the Egyptian Government engages that the attention of the new Magistracy, which is alone entrusted with the regulation of its own sittings, shall be called to this point. The same answer has been given to the Austro-Hungarian Government, which had expressed the same wish.

7. The immunities, privileges, prerogatives, and exemptions which foreign Consulates, as well as the officers thereto attached, at present enjoy, in virtue of diplomatic usages and of existing Treaties, are to be maintained in all their integrity; consequently, Agents and Consuls-General, Consuls and Vice-Consuls, their families, and all persons attached to their service, shall not be within the jurisdiction of the new Tribunals, and the new legislation shall not be applicable either to their persons or to the houses which they inhabit. The same reservation is expressly stipulated in favour of Catholic establishments, whether religious or educational, placed under the protectorate of France.

8. It is understood that in conformity with the principle laid down in the Egyptian Civil Code, the new laws and the new judicial organization shall not have a retroactive effect.

9. Pending claims against the Egyptian Government shall be submitted to a Commission composed of three Magistrates of the Court of Appeal chosen by agreement between the two Governments. This Commission shall decide absolutely and without appeal, and shall fix for itself the forms of procedure it will follow.

10. These same claims may, however, if the parties interested prefer, be brought in the first instance before a Special Court, and on appeal before another Special Court, composed of Magistrates belonging, in the former case, to the Tribunals, in the latter, to the Court of Appeal, and constituted in conformity with the arrangements already

agreed upon between the Egyptian Government, and the Government of Austria-Hungary, and of some other Powers. These two Courts, although giving their decisions in accordance with the rules of procedure of the new Tribunals, shall decide the real issue in conformity with the laws and customs in force at the time of the facts which gave rise to the claims.

11. Cases in which claimants belonging to several nationalities are jointly concerned, shall be decided according to that one of these two modes which shall be agreed upon by their respective Consuls-General.

12. The settlement of the cases shall commence together with the installation of the new Tribunals, and shall continue during their operation.

The stipulations embodied in the present agreement shall be submitted, with as little delay as possible, for the ratification of the two Governments.

(Signed) CAZAUX.
CHERIF.

Annex (B).

Protocole avec l'Allemagne du 5 Mai, 1875.

M. de Thiélau, Secrétaire de Légation, Chargé du Consulat-Général d'Allemagne et son Excellence Chérif Pacha, Ministre de la Justice de Son Altesse le Khédive agissant par ordre et d'après les instructions de leurs Gouvernements respectifs, désirant constater leur entente définitive sur les modifications que le projet de la Réforme Judiciaire en Egypte a subies par le Protocole Franco-Egyptien du 10 Novembre, 1874, sont convenus de ce qui suit:—

1. Les accusations de banqueroute frauduleuse, dont il s'agit à l'Article 8, alinéa 9, titre second, du Règlement Organique, continueront, comme par le passé, à être de la compétence de la juridiction de l'inculpé.

2. Le Gouvernement Egyptien s'étant adressé dans la forme prévue pour la nomination des Conseillers de la Cour d'Appel au Chancelier de l'Empire Allemand pour le choix d'un Juge de Première Instance, ce Magistrat déjà désigné sera placé de préférence au Tribunal du Caire.

3. Un des membres du Ministère Public sera choisi dans la Magistrature Allemande, et il est expressément entendu que, si une Seconde Chambre était créée dans l'un des Tribunaux du Caire ou de Zagazig et si, par conséquent, le personnel du parquet venait à être augmenté, un autre membre du Ministère Public serait également choisi parmi les Magistrats Allemands.

4. Les Codes Egyptiens révisés dernièrement seront présentés le plus tôt possible au Gouvernement Allemand.

5. La réserve relative au statut personnel, omise dans l'Article 9 du Règlement Organique, sera rétablie dans le texte de ce Règlement.

6. En ce qui touche la composition des Chambres, quelques Puissances ayant demandé que l'un des Magistrats chargés de juger une affaire Européenne fût, autant que possible, de la nationalité de la partie en cause, le Gouvernement Egyptien s'engage à appeler sur ce point l'attention de la nouvelle magistrature chargée de régler seule l'organisation du service.

7. Les immunités, les priviléges, les prérogatives, et les exemptions dont les Consulats étrangers et les fonctionnaires qui dépendent d'eux jouissent actuellement en vertu des usages diplomatiques et des Traités en vigueur, restent maintenus dans leur intégrité; en conséquence, les Consuls-Généraux, les Consuls, les Vice-Consuls, leurs familles et toutes les personnes attachées à leur service ne seront pas justiciables des nouveaux tribunaux et la nouvelle législation ne sera pas applicable ni à leurs personnes ni à leurs maisons d'habitation.

En outre, les établissements Allemands suivants:—

A. L'Eglise Protestante Allemande à Alexandrie,
B. L'Eglise Protestante Allemande au Caire,
C. L'Ecole Allemande à Alexandrie,
D. L'Ecole Allemande au Caire, et
E. L'Hôpital Protestant Allemand à Alexandrie,

ne seront pas soumis à la compétence des nouveaux tribunaux et resteront justiciables, comme dans le passé, des Tribunaux Consulaires Allemands. Il est bien entendu que les dits établissements ne seront exemptés qu'en qualité de corporations et que, par conséquent, les pasteurs, les professeurs, et toutes les personnes attachées à ces établisse-

ments relèveront de la juridiction établie en Egypte pour la nationalité à laquelle elles appartiennent.

En ce qui concerne la réserve stipulée à la fin de l'Article 7 du Protocole Franco-Egyptien du 10 Novembre, 1874, en faveur des établissements Catholiques, soit religieux soit d'enseignement, placés sous le protectorat de la France, M. de Thiélau déclare :—

Le Gouvernement Allemand ne reconnaissant à aucune Puissance un protectorat exclusif sur les établissements Catholiques en Orient, se réserve tous ses droits sur les sujets ou administrés Allemands appartenant à un de ces établissements, et il considère notamment comme entendu que la dite stipulation du Protocole Franco-Egyptien ne saurait porter atteinte à la juridiction qui est ou qui sera établie pour les sujets et administrés Allemands en Egypte, en vertu des lois de l'Empire et des arrangements faits entre l'Allemagne et le Gouvernement du Khédive.

Son Excellence Chérif Pacha, au nom du Gouvernement Egyptien, prend acte de cette déclaration.

8. Il est entendu que les nouvelles lois et la nouvelle organisation judiciaire n'auront pas d'effet rétroactif conformément au principe inscrit dans le Code Civil Egyptien.

9. Les réclamations déjà pendantes contre le Gouvernement Egyptien seront soumises à une Commission composée de trois membres de la Cour d'Appel, choisis d'accord par les deux Gouvernements. Cette Commission décidera souverainement et sans appel ; elle établira elle-même les formes de la procédure à suivre.

10. Ces mêmes réclamations pourront toutefois, si les intéressés le préfèrent, être portées devant une Chambre Spéciale en première instance, et une autre Chambre Spéciale en Appel, composées de Magistrats appartenant, les uns aux Tribunaux, les autres à la Cour d'Appel, et constituées conformément aux dispositions déjà convenues entre le Gouvernement Egyptien et celui d'Autriche-Hongrie. Ces deux Chambres, bien que jugeant d'après les règles de la procédure des nouveaux Tribunaux, statueront au fond conformément aux lois et coutumes en vigueur au moment des faits qui auront motivé les réclamations.

11. Les affaires qui concernent à la fois des réclamants appartenant à plusieurs nationalités seront jugées d'après celui de ces deux modes qui sera convenu entre leurs Consuls-Généraux respectifs.

12. Le règlement de ces affaires commencera avec l'installation des nouveaux Tribunaux et continuera pendant leur fonctionnement.

Fait au Caire en deux originaux, le 5 Mai, 1875.

(Signé) DE THIELAU.
CHERIF.

(Translation.)

Protocol with Germany of May 5, 1875.

M. de Thiélau, Secretary of Legation, in charge of the Consulate-General of Germany, and his Excellency Chérif Pacha, Minister of Justice of His Highness the Khedive, acting by order of, and under instructions from, their respective Governments, being desirous of recording the definitive understanding come to respecting the modifications which the project of Judicial Reforms in Egypt has undergone in consequence of the Franco-Egyptian Protocol of the 10th of November, 1874, have agreed as follows :—

1. Charges of fraudulent bankruptcy, which are dealt with in Article 8, paragraph *g*, chapter 2, of the Organic Regulations, shall continue to be within the competency of the jurisdiction to which the accused was heretofore subject.

2. The Egyptian Government having applied, in the form provided for the nomination of Judges of the Court of Appeal, to the Chancellor of the German Empire to choose one of the Judges of the First Instance, the Magistrate already delegated shall be attached, by preference, to the Tribunal of Cairo.

3. One of the members of the Ministry of Justice shall be chosen from the German Magistracy, and it is expressly understood that, if a second Chamber be created in one of the Tribunals of Cairo or of Zagazig, and in consequence, the number of Officers of the Court be increased, another member of the Ministry of Justice shall be also chosen from German Magistrates.

4. The recently revised Egyptian codes shall be presented as soon as possible to the German Government.

5. The reservation relative to personal status, omitted in Article 9 of the Organic Regulations, shall be re-inserted in the text of those regulations.

6. In regard to the composition of the Courts, some Powers having requested that one of the Magistrates, whose duty it is to decide a suit with a European, shall be, as far as possible, of the nationality of the party concerned in the suit, the Egyptian Government engages that the attention of the new Magistracy, which is alone entrusted with the regulation of its own sittings, shall be called to this point.

7. The immunities, privileges, prerogatives, and exemptions which foreign Consulates as well as the officers thereto attached at present enjoy, in virtue of diplomatic usages and of existing Treaties, shall be maintained in all their integrity; consequently, Agents and Consuls-General, Consuls and Vice-Consuls, their families, and all persons attached to their service, shall not be within the jurisdiction of the new Tribunals, and the new legislation shall not be applicable either to their persons or to the houses which they inhabit.

Moreover the following German establishments:—

A. The German Protestant Church at Alexandria,
B. The German Protestant Church at Cairo,
C. The German School at Alexandria,
D. The German School at Cairo, and
E. The German Protestant Hospital at Alexandria,

shall not be subject to the competency of the new tribunals and shall continue to be as heretofore under the jurisdiction of the German Consular Courts. It is clearly understood that the said establishments shall only be exempt in their quality of corporations, and that, consequently, the ministers, professors, and all persons attached to these establishments shall be subject to the jurisdiction established in Egypt for the nationality to which they belong.

With regard to the reserve stipulated at the end of Article 7 of the Franco-Egyptian Protocol of November 10, 1874, in favour of Catholic establishments, whether devoted to religion or to teaching, placed under the Protectorate of France, M. de Thiélau declares:—

As the German Government does not recognize the exclusive protectorate of any Power over Catholic establishments in the East, it reserves all its rights over the German subjects or officials belonging to any of these establishments, and considers it specially understood that the said stipulation in the Franco-Egyptian Protocol shall not interfere with the jurisdiction which is or shall be established for German subjects and officials in Egypt, in virtue of the laws of the Empire, and of arrangements made between Germany and the Government of the Khedive.

His Excellency Chérif Pasha, in the name of his Government, accepts this declaration.

8. It is understood that, in conformity with the principle laid down in the Egyptian Civil Code, the new laws and the new judicial organization shall not have a retroactive effect.

9. Pending claims against the Egyptian Government shall be submitted to a Commission composed of three Magistrates of the Court of Appeal, chosen by agreement between the two Governments. This Commission shall decide absolutely and without appeal, and shall fix for itself the forms of procedure it will follow.

10. These same claims may, however, if the parties interested prefer, be brought in the first instance before a Special Court, and on appeal before another Special Court, composed of Magistrates belonging, in the former case, to the Tribunals, in the latter to the Court of Appeal, and constituted in conformity with the arrangements already agreed upon between the Egyptian Government and the Government of Austro-Hungary. These two Courts, although giving their decisions in accordance with the rules of procedure of the new Tribunals, shall decide the real issue in conformity with the laws and customs in force at the time of the facts which gave rise to the claims.

11. Cases in which claimants belonging to several nationalities are jointly concerned, shall be decided according to that one of these two modes which shall be agreed upon by their respective Consuls-General.

12. The settlement of the cases shall commence together with the installation of the new Tribunals, and shall continue during their operation.

Done at Cairo, in duplicate, the 5th of May, 1875.

(Signed) DE THIELAU.
CHERIF.

EGYPT. No. 3 (1876).

AGREEMENT between the British and Egyptian Governments respecting Judicial Reforms in Egypt.

Signed at Alexandria, July 31, 1875.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

EGYPT. No. 1 (1876).

CORRESPONDENCE

RESPECTING THE

PURCHASE

BY

HER MAJESTY'S GOVERNMENT

OF THE

SUEZ CANAL SHARES

BELONGING TO THE

EGYPTIAN GOVERNMENT.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

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Correspondence respecting the Purchase by Her Majesty's Government of the Suez Canal Shares belonging to the Egyptian Government.

No. 1.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 15, 1875.

HER Majesty's Government have received information that a combination of French capitalists are offering to buy from the Khedive his interest in the Suez Canal; and that His Highness' difficulties are such that it is thought possible he may consent.

I have, therefore, to instruct you to ascertain whether there is any truth in this report.

I am, &c.
(Signed) DERBY.

No. 2.

Major-General Stanton to the Earl of Derby.—(Received November* 28.)

(Extract). *Cairo, November* 18, 1875.

YOUR Lordship's telegram of the 15th instant, referring to the report which had reached your Lordship as to the offer made by certain French capitalists to the Khedive with reference to His Highness' interests in the Suez Canal, reached me on the morning of the 16th instant, and I lost no time in making inquiries on the subject, and in reporting the result by telegraph.

Nubar Pasha being engaged all the morning with the Khedive, I was unable to see his Excellency till the afternoon, when I was informed by him of the offers made by the "Société Générale" and by the "Anglo-Egyptian" Bank, which I telegraphed to your Lordship the same afternoon.

I expressed to his Excellency my surprise that, on receipt of such a proposal, no intimation should have been made to myself for communication to your Lordship, as the Egyptian Government could hardly suppose that Her Majesty's Government would see with indifference the transfer of the Khedive's interests in the Suez Canal to any foreign Company, and I was satisfied His Highness would get better terms from England than from any other country should he wish to dispose of his shares.

Nubar Pasha replied to me that he did not believe that the Khedive would entertain the proposal for the purchase of his shares, though as it was absolutely necessary for him to procure from 3,000,000*l.* to 4,000,000*l.* sterling, he would be forced to accept the offer of the Anglo-Egyptian Bank.

I then begged his Excellency to see the Minister of Finance without delay, and to insist upon the suspension of his negotiations until I had communicated with your Lordship, which he undertook to do, and shortly afterwards informed me that the negotiations would be suspended until Thursday evening.

I immediately sought an interview with the Khedive, but was unable to see His Highness before 9 P.M., when I related to him the information I had received, and expressed my surprise at no intimation having been made to me of the offer he had

* The substance of this despatch was telegraphed.

received for the purchase of the shares, adding that His Highness was aware such a matter must be one of very great importance to Her Majesty's Government, who naturally regarded the possession of those shares by the Egyptian Government as an additional guarantee for the security of their communications through the Suez Canal.

His Highness assured me he had not thought seriously of the proposal, as he had no present intention of disposing of his shares, and asked me if I had any proposal to make, to which I replied that it was impossible for me to be prepared with a proposal, as I had not had time to communicate with your Lordship on the subject; and I left His Highness with a fresh assurance from him that the negotiations for the advance from the Anglo-Egyptian Bank should be suspended till Thursday evening (the 18th).

On the following morning, I had some further conversation with Nubar Pasha on the subject, when his Excellency appeared anxious to impress me with the urgency of the Khedive's need of the sum of from 3,000,000 to 4,000,000*l.* sterling, and with the fact that this sum was required by the 30th instant; and his Excellency then informed me that it was intended, should the offer of the loan be accepted, to issue Treasury bonds for the amount, repayable at short dates (from three to six months), secured on the Khedive's Canal shares, and he appeared seriously apprehensive lest the shares should be lost through the inability of the Egyptian Government to redeem their pledge.

This information I telegraphed to your Lordship that afternoon, and at about 8 P.M. I received your Lordship's telegram, instructing me to intimate to the Khedive that Her Majesty's Government was disposed to purchase the shares, provided satisfactory terms could be arranged.

I immediately proceeded to the palace, and requested an audience of His Highness, who at once received me, and I then communicated to him the purport of your Lordship's telegram.

The Khedive seemed undoubtedly pleased with the intimation, and expressed his acknowledgments for the offer made by Her Majesty's Government. He renewed the assurance that at present he had no intention of disposing of his shares, but was obliged to accept the advance offered on *hypothèque* to enable him to make arrangements for the larger operation of the conversion of his floating debt, adding that should he change his views as to the sale of his shares, he would immediately inform Her Majesty's Government, and give them the option of purchase, as he would much prefer seeing these shares in the possession of Her Majesty's Government than in any other hands.

In the course of this afternoon Cherif Pasha called, and renewed the assurance that the Egyptian Government, which had every reason to look upon England as its most sincere friend, would infinitely prefer seeing the Egyptian interests in the Suez Canal transferred to her than to any other country; and he further informed me that immediately after my visit to his Highness last evening, Nubar Pasha had in his presence suggested to the Khedive that he should call on me, and give me further explanations as to the financial situation, but that his Highness had replied there was no occasion for his doing so, as he had himself explained the matter to me, and had afterwards instructed him (Cherif Pasha) to see me on the subject.

No. 3.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 18, 1875.

I HAVE received your two telegrams of yesterday's date in which you inform me that it is absolutely necessary that the Khedive should receive from 3,000,000*l.* to 4,000,000*l.* sterling before the 30th instant. At the same time Her Majesty's Government learn with satisfaction that His Highness has assured you that he has no present intention of selling his shares in the Suez Canal Company, but that should he eventually wish to dispose of them he will immediately inform Her Majesty's Government and give them the option of purchase.

As it is of great importance to this country that the Viceroy's interest in the Suez Canal should not fall into the hands of a foreign company, I have to instruct you to press for a suspension of negotiations, and to inform the Egyptian Government that

Her Majesty's Government are disposed to purchase His Highness' shares if satisfactory terms can be arranged.

It appears that a transaction is in progress for the mortgage of these shares to the Anglo-Egyptian Bank, and Her Majesty's Government would be glad to be put in possession of the details of this negotiation, more especially as to whether any arrangement has been come to which would preclude the Khedive from redeeming his shares.

I am, &c.
(Signed) DERBY.

No. 4.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, November* 20, 1875.

M. GAVARD called upon me this afternoon, and, in the course of conversation on various other matters, he alluded to the rumour that the Khedive was in negotiation for the sale of his shares in the Suez Canal to the Société Générale or some other French Company. He asked whether Her Majesty's Government would have any objection to such a transaction.

I told M. Gavard that I would answer his question in the same frank manner in which he had put it. The Suez Canal had been originated by a Frenchman, executed by French engineers, and carried out principally by means of French capital. The credit of the undertaking rested with the French nation, and it was in French hands that its direction was placed. On the other hand, of the shipping which made use of the Canal more than three-fourths and nearly four-fifths was British. The interest of this country in the maintenance and proper management of the Canal, forming as it did a portion of the highway between us and our Indian possessions, was much greater than that of any other European nation.

I had never concealed from the French Representative or Government, and I had indeed stated publicly in the House of Lords, my opinion that the arrangement most satisfactory to Great Britain would be that the Canal, forming so important a link in our communication with India and Australia, should be under the management of an International Commission, so that its control should not rest exclusively with any single Government or body of individuals.

No opportunity had, however, arisen for making or even proposing such an arrangement, and we had to look to such safeguards as we actually possessed against the risk of the Canal being managed in a way detrimental to the general interest. Of these, the possession by the Khedive of a large interest in M. de Lesseps' Company was one. The two checks which we could bring most directly to bear upon M. de Lesseps and the administration of the Canal were the action of the Viceroy in the first place, and, secondly, that of the Porte, as the Suzerain Power. Under present circumstances, it was impossible to foresee how far, in the future, the control of the Porte could be counted upon as efficacious. That of the Viceroy, therefore, became all the more important. The Khedive, in parting with the shares which he now possessed in the Suez Canal Company, would, in my opinion, surrender an important means of influencing the measures taken by the Company and its staff, and as such we could not look upon such a transaction with indifference. We should certainly be opposed to these shares falling into the hands of another French Company, so as to make the property in the Canal more French than it already was. To any arrangement for mortgaging the shares merely as a security for an advance, provided the Khedive had full power to redeem them at any moment by payment of the loan, the same objections possibly might not hold good.

I am, &c.
(Signed) DERBY.

No. 5.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 23, 1875.

HER Majesty's Government are anxious that the Khedive should obtain such assistance as he requires on reasonable terms, and they believe that if the details for the purchase by Her Majesty's Government of His Highness' interest in the Suez Canal can be arranged, this can be done.

Her Majesty's Government would, if requested, send out a confidential Agent to negotiate a transfer.

Meanwhile, you should make every endeavour to suspend the conclusion of any agreement to sell or pledge the Khedive's shares.

I am, &c.
(Signed) DERBY.

No. 6.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 25, 1875.

I HAVE received your telegram of the 23rd instant, stating that the Viceroy of Egypt is willing to dispose of his shares to Her Majesty's Government in the Suez Canal for 100,000,000 francs, and I have to inform you that Her Majesty's Government are ready to purchase these shares, 177,642 in number, for the above-mentioned sum (*i.e.*, 4,000,000*l.*), and they will be prepared to recommend to Parliament to sanction the contract.

In the meantime Messrs. N. de Rothschild and Sons will be the agents of Her Majesty's Government in London to carry out the transaction. They will be prepared to hold 1,000,000*l.* sterling on the 1st of December at the disposal of the Egyptian Government, upon the shares being handed to you on behalf of Her Majesty's Government.

The remaining 3,000,000*l.* will be provided in December and January, as may be arranged between the Egyptian Government and Messrs. Rothschild and Sons.

Her Majesty's Government assume that the 5 per cent. on the sum paid, which is to be paid to Her Majesty's Government, as pointed out in your telegram of to-day, until the coupons are liberated, will be charged on the revenues of Egypt.

I am, &c.
(Signed) DERBY.

No. 7.

Mr. W. H. Smith, M.P., to Lord Tenterden.

My Lord, *Treasury Chambers, November* 26, 1875.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State, a copy of a letter dated the 25th instant, which their Lordships have caused to be addressed to Messrs. Rothschild and Sons; also a copy of those gentlemen's reply, of the same date, relative to the advance by them of the money for the purchase of the Suez Canal Shares.

I am, &c.
(Signed) W. H. SMITH.

Inclosure 1 in No. 7.

Treasury Minute dated November 25, 1875.

THE First Lord and the Chancellor of the Exchequer state to the Board, that Her Majesty's Government have received a telegram from Her Majesty's Consul-General in Egypt, to the effect that the Khedive has offered to sell his shares in the Suez Canal to Her Majesty for the sum of 100,000,000 fr., and that His Highness will pay interest at the rate of 5 per cent. upon the amount paid upon the shares until the coupons are free, His Highness having disposed of his interest in the coupons for some time to come.

The First Lord and the Chancellor further state that they have been in communication with Messrs. N. de Rothschild and Sons, who, in the event of the offer being accepted, are prepared to carry out the operation as the agents of Her Majesty's Government in London; with that object Messrs. Rothschild will undertake to hold 1,000,000*l.* sterling at the disposal of the Egyptian Government, on the 1st of December next, as soon as they receive an assurance from Her Majesty's Government that the shares in question have been handed over to Her Majesty's Consul-General in Egypt, They will provide the remaining 3,000,000*l.* sterling in the months of December and January, and hold them at the disposal of the Khedive in such manner as may be arranged between His Highness and themselves.

Messrs. Rothschild will charge a commission of 2½ per cent. upon the 4,000,000*l.* sterling which they thus undertake to provide, and they will receive the 5 per cent. interest which the Khedive undertakes to pay upon the amounts advanced, from the date of the advance thereof, until the date of repayment by Her Majesty's Government.

The First Lord and the Chancellor inform the Board that these several proposals have been considered and accepted by Her Majesty's Advisers, and that they have telegraphed to Her Majesty's Consul-General in Egypt that they agree to purchase the shares, 177,642 in number, held by the Khedive, for the sum of 4,000,000*l.* sterling, and that the money will be provided in the manner proposed by Messrs. Rothschild.

The First Lord and the Chancellor point out that Messrs. Rothschild undertake this heavy liability on the pledge of Her Majesty's Government that they will submit the engagement for the sanction of Parliament, and endeavour to obtain the necessary powers to enable them to repay the advance, and pay Messrs. Rothschild's commission as soon as may be practicable after the meeting of Parliament; and they recommend that a letter embodying that pledge in an official form should be written to Messrs. Rothschild without delay.

My Lords approve.

Write to Messrs. Rothschild.

Inclosure 2 in No. 7.

Mr. W. H. Smith, M.P., to Messrs. de Rothschild.

Gentlemen, *Treasury Chambers, November 25, 1875.*

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that Her Majesty's Government have decided to accept an offer of the sale of shares in the Suez Canal which His Highness the Khedive has made to them.

As, however, the purchase-money must be laid down within a short time, and as there is at present no Parliamentary authority under which it can be provided, Her Majesty's Government have determined to accept your proposal to act as their Agents, and to advance the sum required, on the distinct understanding that they will, as soon as practicable, apply to Parliament for a grant of money to enable them to repay your advance.

They understand that, under this engagement, as soon as you receive the authority from this Board, which will be given you when the shares which are the subject of the contract have been handed over to Her Majesty's Consul-General in Egypt, you will be prepared to hold 1,000,000*l.* sterling at the disposal of the Egyptian Government on the 1st of December next, and that you will provide the remaining 3,000,000*l.* sterling

in the months of December and January, and will hold them at the disposal of the Khedive in such manner as may be arranged between His Highness and yourselves.

That, in return for these services, you will be at liberty to charge Her Majesty's Government a commission of 2½ per cent. upon the 4,000,000*l.* sterling which you undertake to provide, and that you will receive the interest of 5 per cent. which the Khedive undertakes to pay upon the amounts advanced from the date of the advances until the date of repayment of such advance by Her Majesty's Government.

I am to add that my Lords would be glad to learn that they have stated correctly the conditions upon which you are willing to undertake the operation to which this letter refers.

I am, &c.
(Signed) W. H. SMITH.

Inclosure 3 in 7.

Messrs. de Rothschild to the Chancellor of the Exchequer.

Sir, *New Court, November* 25, 1875.

WE have the honour to acknowledge the receipt of a letter from the Secretary of the Treasury, in which are stated the conditions upon which we are willing to undertake the operations to which the said letter refers, and in answer to which we beg to state that the said conditions are in accordance with our verbal agreement, namely:

As soon as we receive the orders from the Lords Commissioners of Her Majesty's Treasury, we shall be prepared to hold at the disposal of the Egyptian Government the sum of 4,000,000*l.*, (four millions sterling); 1,000,000*l.* (one million sterling) to be at the disposal of the Egyptian Government on the 1st December and the remaining 3,000,000*l.* (three millions sterling) during the months of December and January, in such manner as may be arranged between the Egyptian Government and ourselves.

It is also understood that we are to charge Her Majesty's Government a commission of 2½ (two and one half per cent.) upon the 4,000,000*l.* (four millions sterling) and 5 per cent. (five per cent. per annum) interest until the date of repayment.

This advance is also made on the distinct understanding that Her Majesty's Government will, as soon as practicable, apply to Parliament for a grant of money to enable Her Majesty's Government to repay the said advance.

We have, &c.
(Signed) A. M. ROTHSCHILD & Co.

No. 8.

Major-General Stanton to the Earl of Derby.—(Received December* 6.)

My Lord, *Cairo, November* 27, 1875.

MY telegram of yesterday afternoon will have informed your Lordship of the conclusion of the negotiations which had been entrusted to me for the purchase of the Khedive's Suez Canal shares, by the deposit of these shares in Her Majesty's Consulate in this town, and I have little to add to the information already conveyed to your Lordship on this matter.

On the receipt of your Lordship's telegram of the 23rd, which reached me on the morning of the 24th instant, I lost no time in proceeding to the palace to inform his Highness of the acceptance of his offer to dispose of his Canal shares to Her Majesty's Government. I was unable at that hour to see the Khedive; but I informed the Minister of Finance, whom I saw in the presence of Nubar Pasha and of the Khedive's "Garde des Sceaux," of the nature of the communication I had to make, and shortly afterwards received the assurance that the terms were agreed to. Being, however, anxious to prevent any misunderstanding on the subject, and also to prevent the possibility of any successful intrigue interfering with the arrangement, I told the Minister I would draw up an agreement for signature, specifying the terms of the engagement entered into.

* The substance of this despatch was telegraphed.

Before leaving the palace, however, Nubar Pasha had told me that he believed the number of shares in the Khedive's possession did not quite tally with the number specified by your Lordship, as a few of the shares had been disposed of in Paris some ten or twelve years since. I therefore left a blank in the agreement to be filled up when the actual number of shares in His Highness' possession should be ascertained; and when, shortly afterwards, the Minister of Finance informed me that the shares were 176,602 in number instead of 177,642, as specified by your Lordship, I provided that the value of the 1,040 shares short of the last-named number should be deducted from the amount agreed to be paid by Her Majesty's Government.

I also, as your Lordship will perceive, stipulated that the 5 per cent. interest to be paid by the Egyptian Government to Her Majesty's Government until the coupons were liberated from the existing engagement with the Canal Company, should be charged on the revenues of Egypt, and the amount paid in London by equal half-yearly payments of 100,000*l.* on the 1st of June and 1st of December of each year.

Yesterday morning the Egyptian Government sent me seven large cases containing the shares in question, which cases (having previously verified the fact that they contained Suez Canal shares) I caused to be fastened up and corded in my presence, and then sealed with the seals of the Egyptian Minister of Finance, Her Majesty's Agency and Consulate-General, and of the Consular Court for Cairo, leaving the verification of the numbers till I had received further instructions from your Lordship, and I gave the Egyptian Government a receipt for the seven cases, which are now deposited in Her Majesty's Consulate in this town, pending the receipt of instructions for their disposal.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 8.

Agreement entered into this 25th day of November, in the year of our Lord 1875, between Major-General Edward Stanton, C.B., Her Britannic Majesty's Agent and Consul-General in Egypt, acting on behalf of Her Britannic Majesty's Government on the one part, and his Excellency Ismail Sadek Pasha, Egyptian Minister of Finance, acting on behalf of His Highness the Khedive of Egypt, on the other part.

WHEREAS His Highness the Khedive has proposed to sell to Her Britannic Majesty's Government the whole of his shares in the Suez Canal Company, and whereas Her Britannic Majesty's Government has proposed to purchase from His Highness the Khedive 177,642 shares in the said Suez Canal Company, for the sum of 4,000,000*l.* sterling.

Now it is hereby witnessed that His Highness the Khedive agrees to sell to Her Britannic Majesty's Government the whole of his shares in the Suez Canal Company, being to the number of 176,602 shares, not, as supposed by Her Britannic Majesty's Government, 177,642 shares; and Her Britannic Majesty's Government agrees to purchase the same for the sum of 4,000,000*l.* sterling, less the proportionate value of the 1,040 shares, the difference between 177,642, and 176,602, and Her Britannic Majesty's Government agrees to recommend to Parliament to sanction the contract.

Her Britannic Majesty's Government undertakes that on the 1st of December next, on the deposit of the shares in the hands of Her Majesty's Agent and Consul-General in Egypt, the sum of 1,000,000*l.* sterling shall be held at the disposal of the Egyptian Government, in the hands of Messrs. N. de Rothschild and Sons of London; and that the remaining 3,000,000*l.* sterling, less the amount to be deducted for the value of the 1,040 shares above mentioned, shall be provided in the months of December and January next, as may be arranged between the Egyptian Government and Messrs. Rothschild and Sons.

The Egyptian Government undertakes to pay to Her Britannic Majesty's Government interest at the rate of 5 per cent. per annum on the whole amount of the purchase money of the said 176,602 shares, in equal half-yearly payments,—the said payments to be made in London on the 1st of June and the 1st of December in each year, until such time as the coupons of the said shares shall be liberated from the engagement now existing with the Suez Canal Company; and the Egyptian Government further

engages that the amount of the said interest shall be charged on the revenues of Egypt.

In witness whereof we have this day affixed our signatures and official seals.

(Signed) EDWD. STANTON. (L.S.)
(Sealed) ISMAIL SADEK.

(Seal of Ismail Pasha legalized by Nubar Pasha).

No. 9.

Mr. Lister to Sir S. Northcote.

Sir, *Foreign Office, November* 27, 1875.

I HAVE the honour to inform you, by direction of the Earl of Derby, that a telegraphic despatch has been received from Her Majesty's Agent and Consul-General at Alexandria, stating that seven large cases, containing the shares of the Suez Canal Company purchased by Her Majesty's Government from the Khedive, have been deposited in the British Consulate at Cairo.

General Stanton reports that the cases have been corded and sealed with the seals of the Finance Minister, of Her Majesty's Agent, and of the Consular Court, pending the verification of the numbers of the shares.

General Stanton had already been instructed to have lists of the shares made, with their numbers and all particulars, by a notary public, such particulars to be entered by the notary in his books, and two certified copies of the lists to be sent home, one with the shares themselves, and the other by a separate opportunity.

General Stanton has been further directed to send the shares to this country by special messenger, and he has been asked whether he has the means of forwarding them in proper security, or whether there are any special measures which he would suggest for their transmission.

I am, &c.
(Signed) T. V. LISTER.

No. 10.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, November* 27, 1875.

THE Marquis d'Harcourt called upon me to-day, and asked if I could give him any information in regard to the purchase by Her Majesty's Government of the shares in the Suez Canal recently held by the Khedive.

I told the French Ambassador the exact state of the case, with the circumstances of which your Excellency has been made acquainted by my other despatch of this day's date, which incloses copies of the telegrams which have passed between this Office and Her Majesty's Agent and Consul-General at Alexandria on the subject.

The points which I dwelt on in my interview with the Marquis d'Harcourt were as follows:—

That Her Majesty's Government had no wish that the Khedive should sell his shares in the Canal, neither was there on their part the slightest desire to alter the *status quo* in regard to this undertaking; but, on the other hand, they had no power to prevent his selling, and, as he had decided on so doing, they took the only effectual steps at their disposal to prevent the possibility of the shares falling into hands whose possession of them might not be favourable to the interests of this country.

That the suddenness of the whole affair was in no way attributable to Her Majesty's Government. If they had delayed, other purchasers would have come forward; and they had, therefore, to accept the opportunity as it offered itself, or lose it altogether.

That it is not in the power of the British Government to act as Continental Governments can do,—through third parties, banks, financial companies, or the like. What they do, they must do openly, and in their own name, so that Parliament may be enabled to judge of the whole transaction.

This latter observation I made in answer to a remark made by the Marquis

d'Harcourt that the act would have had less political significance if done through some Company or otherwise, not directly in the name of the State.

I added that we had even now a minority of the Canal shares; but that the question for Her Majesty's Government was not one of establishing an exclusive interest, but of preventing an exclusive interest from being established as against this country. For my part, I had always expressed my opinion that the best arrangement for all the world would be the placing of the Canal under an International Commission like that of the Danube—an opinion which I still held; but I added that I was aware that the French Government were not prepared to entertain any such idea, and I therefore did not put it forward; but if France and other Governments altered their way of thinking, I did not anticipate that any difficulties would be made by England.

The French Ambassador expressed some fear, or at any rate thought that some would be felt, that the Khedive might be unable to pay his promised 200,000*l.* a-year, and that in consequence this country would use some means to coerce him, which would practically establish English authority in Egypt. I assured him that nothing was further from our thoughts; that Her Majesty's Government desired that the passage through Egypt should be free for this country, as for the rest of the world, and desired nothing more.

The foregoing are the main points of the explanation which I gave to the French Ambassador, who, as I gathered from his Excellency, had not been instructed to do more than speak to me upon this subject, with a view of eliciting any explanations or remarks that I might be inclined to offer.

I am, &c.
(Signed) DERBY.

No. 11.

Lord Lyons to the Earl of Derby.—(Received December 1.)

My Lord, *Paris, November* 30, 1875.

I HAVE the honour to transmit to your Lordship copies taken from a newspaper of a letter, written by M. de Lesseps, on the subject of the purchase by England of the Khedive's shares in the Suez Canal.

M. de Lesseps speaks with satisfaction of this purchase. "Je considère," he says, "comme un fait heureux cette solidarité puissante qui va s'établir entre les capitaux Français et Anglais pour l'exploitation purement industrielle et nécessairement pacifique du Canal Maritime Universel."

In fact, M. de Lesseps sent me word a day or two ago that he regarded the purchase as advantageous to the Canal.

I inclose, also, an article by M. Paul Leroy-Beaulieu, which appeared yesterday in the "Journal des Débats," and which may have some interest, as expressing a French view of the financial aspect of the question.

M. Leroy-Beaulieu gives the following statement of the various stocks of the Suez Canal Company:

400,000 "actions" (shares); of which 176,602 have been bought by England from the Khedive, and the remainder are held by the public, and chiefly by small French capitalists.

333,333 "obligations" (debentures.)

120,000 "délégations" (assignments of the dividends falling due on the shares formerly held by the Khedive,—which dividends were made over to the Company for a period ending on the 1st July, 1894).

250,000 "parts de fondateur" (founders' shares); of which, 150,000 are held by the Khedive, and 100,000 by the public.

Lastly, "bons consolidés de coupons arriérés" (bonds for arrears of interest); which bonds are not quoted at the Paris Bourse.

M. Leroy-Beaulieu estimates the sums necessary to buy up in the market what remains of all these stocks, after deducting the shares purchased by England, as follows:—

	£
223,398 actions	7,200,000
333,333 obligations	6,600,000
120,000 délégations	3,600,000
250,000 parts de fondateur	2,000,000
120,000 bons	600,000
Total	20,000,000

For all these statements and figures M. Leroy-Beaulieu is, of course, responsible; all I have done is to convert francs into pounds sterling.*

I have, &c.
(Signed) LYONS.

Inclosure 1 in No. 11.

Letter from M. de Lesseps.

Monsieur, *Paris, le 24 Novembre,* 1875.

DES actionnaires se préoccupent de l'achat fait par le Gouvernement Britannique des 176,602 actions qui appartenaient au Gouvernement Egyptien, et quelques-uns manifestent des inquiétudes.

Il suffira de rappeler une page de l'histoire du Canal pour calmer les préoccupations et détruire les inquiétudes.

A l'origine de l'entreprise, lorsque le moment fut venu de réunir le capital nécessaire, une part importante de la souscription fut réservée aux capitalistes Anglais.

A cette époque, la France et l'Egypte assurèrent par leurs apports l'exécution du Canal. La souscription fut presque entièrement couverte par le public Français et par le Gouvernement Egyptien.

Complètement désintéressé, financièrement, dans le succès de l'entreprise, le Gouvernement Britannique opposa de nombreuses difficultés à l'achèvement de l'œuvre, et, jusque dans ces derniers temps, l'intervention des agents Anglais fut nuisible à l'intérêt particulier des actionnaires Français et Egyptiens.

Aujourd'hui, la nation Anglaise accepte dans la Compagnie du Canal la part qui lui avait été loyalement réservée à l'origine; et si cet acte, étant accompli, doit avoir une conséquence, cette conséquence ne saurait être, à mes yeux, de la part du Gouvernement Britannique, que le renoncement à une attitude qui a été depuis longtemps hostile aux intérêts des actionnaires fondateurs du Canal Maritime, si énergiques dans leur persévérance intelligente.

Je considère donc comme un fait heureux cette solidarité puissante qui va s'établir entre les capitaux Français et Anglais pour l'exploitation, purement industrielle et nécessairement pacifique, du Canal Maritime Universel.

Veuillez faire part de cette lettre à ceux de nos actionnaires qui s'adresseront à vous pour connaître mon opinion.

Agréez, &c.
Le Président-Directeur,
(Signé) FERD. DE LESSEPS.

(Translation).

Sir, *Paris, November* 24, 1875.

THE attention of some of the shareholders is engaged with the purchase by the British Government of 176,602 shares which belonged to the Egyptian Government, and some express anxiety concerning it.

It will be sufficient to recall a page in the history of the Canal to dispel all anxiety on this subject.

At the outset, when the moment had arrived for raising the necessary capital, an important share in the subscription was set aside for English capitalists.

At that period France and Egypt rendered the cutting of the Canal feasible by their contributions. The shares were almost entirely taken up by the French public and the Egyptian Government.

The British Government, which had no financial interest in the success of the undertaking, placed many difficulties in the way of its completion, and until quite lately the intervention of English agents had an injurious effect upon the private interests of Egyptian and French shareholders.

The English nation now accepts that share in the Canal Company which had been loyally reserved to her from the outset; and if this action is to have any effect, that effect, in my opinion, can only be the abandonment by the British Government of the long-standing attitude of hostility towards the interests of the original shareholders of the Maritime Canal, whose perseverance has been at once so active and so well directed.

* Forms of these shares, &c., issued by the Suez Canal Company, are given in the Appendix.

I therefore look upon the close community of interests about to be established between French and English capital, for the purely industrial and necessarily peaceful working of the Universal Maritime Canal, as a most fortunate occurrence.

I shall feel obliged if you will communicate the contents of this letter to such of our shareholders as may apply to you for my opinion on the subject.

Receive, &c.,
The President Director,
(Signed) FERD. DE LESSEPS.

Inclosure 2 in No. 11.

Extract from the "Journal des Débats" of November 29, 1875.

No. 12.

Sir A. Paget to the Earl of Derby.—(*Received December* 3.)

My Lord, *Rome, November* 29, 1875.

I HAVE the honour to inclose a translation of an article from the "Opinione" of yesterday's date, relative to the acquisition by Her Majesty's Government of the shares in the Suez Canal belonging to the Khedive of Egypt.

As far as I am able to form an opinion by what I hear, and by the comments of the Italian press, I am disposed to think that this most wise and judicious act of policy on the part of Her Majesty's Government is looked upon favourably in this country.

I have, &c.
(Signed) A. PAGET.

Inclosure in No. 12.

Extract from the "Opinione."

(Translation.)

THE news that the English Government has acquired from the Viceroy of Egypt the shares held by the latter in the Suez Canal, has disturbed and disquieted all the Exchanges of Europe. It is a symptom of the times, and it is a proof of the great uncertainties which the Eastern question now occasions.

In the normal conditions of peace and confidence, the contract, as was at first announced, concluded by an English Company would only have appeared to be a great operation made with a company of London bankers by a Sovereign in order to obtain the necessary means of paying the interest of his debt. In the powerful London market such operations, more or less important, are frequent; and if several of them turn out badly, as a recent inquiry has shown, it teaches bankers to be more cautious in requiring solid guarantees instead of illusory guarantees.

The fact, however, is different, and assumes much gravity from the present state of European politics. It is not an English company, it is the Government of St. James' itself who acquires these shares, and the financial convention assumes all the importance of a high political act.

England completes a revolution in her policy, which is only the consequence of the changes which have taken place in Europe, and of the new ideas which have arisen.

There was no Power more hostile to the undertaking of the Suez Canal than Great Britain. She had put in motion all her machinery to thwart it. Employing her influence with the Turkish Government, she had induced the latter to demand even the interruption of the works on the ground that the neutrality of the Canal was not guaranteed. It required all the pertinacity of M. de Lesseps and all the prestige which the Emperor Napoleon then possessed to overcome the new difficulties and to insure the completion of the work.

The opposition of England was then inexplicable. Ought she not rather to second than oppose an undertaking which would have had the effect of bringing her nearer to her great possessions in India? By the Suez Canal, London was only 3,100 kilomètres distant from Bombay, whereas by the Cape the distance was 5,950. It was no small advantage to diminish the distance by half, but it was observed in England that the

advantage would be greater for other Powers, and that Odessa, Constantinople, Marseilles, and Havre would obtain much more material benefit. The Canal was opened, and English shipping soon revealed its power. It might be said that the Canal was made for it, as it has an incontestable pre-eminence upon it.

But commercial benefits were not sufficient to calm political preoccupations. Under the Gladstone administration they appeared to be calmed, nor, perhaps, would they have manifested themselves so distinctly if the insurrection in the Herzegovina had not arisen, and if the progressive dissolution of the Ottoman Government did not every day become more evident.

In France bitter accusations are made against England on account of her change of policy. This change is judged, at first sight, as ill-considered; but any one who reflects upon the question is bound to acknowledge that it is in conformity with British interests.

What advantage has Great Britain derived from her fidelity to the dogma of the integrity of the Ottoman Empire? What support of her Eastern policy could she find in a Government which, upon contact with western civilization, becomes corrupted and falls to pieces? Turkey is no longer an ally upon whom it is possible to count. The continual and almost daily changes of Ministry, the effect of the momentary influences which prevail upon the mind of the Sultan, the confusion of the administration, the disorder of the finances, the impossibility of obtaining obedience from employés, who make every attempt at reform illusory, the discontent and misery of the Christian populations have persuaded Great Britain that it would be useless, as well as injurious, to persist in considering the integrity of the Ottoman Empire as an English interest as it was in the time of Lord Palmerston and Sir Stratford de Redcliffe.

Europe now seeks a new equilibrium, railways and telegraphs have brought people together, and have carried into the remotest countries new ideas and new aspirations, Russia continues her conquests in Asia, and approaches more and more towards the British possessions. The great Asiatic States also arouse themselves, politics are associated in those countries with religion, a slow but certain transformation is there being accomplished, and many foresee that one day a violent encounter may take place between the two great European Powers who contend for supremacy in those vast countries.

England has always watched with a vigilant and anxious eye the progress of Russia in Asia. Scarcely a week passes without some book or pamphlet or review being published in London by political men or diplomatists upon a subject to which no Englishman can remain indifferent. No fear is felt for the present, but policy requires that preparations should be made for future events. A long way must yet be made before the Russian possessions touch the great Indian Empire, but political and commercial influence may and does extend itself beyond the limits of territory. What will be the effects of Russian influence with regard to British power and of British influence with regard to Russian power?

In view of a conflict so weighty, with political and economical interests in Central Asia, the question of European Turkey becomes almost a secondary one for England. From the moment that it appears at Constantinople that the foundations of the edifice, attacked on all sides, were trembling, what should be for England the directing idea of her policy? That of seeking another ally who would appreciate the value of her support for future Eastern eventualities.

This ally is Egypt. The visit of the Prince of Wales to the Viceroy is a political act of great importance; it was the prelude to the operation which has so greatly disturbed Europe. Some years ago the English had already acquired from the French no small quantity of shares and obligations of the Suez Canal Company; now the English Government itself acquires from the Viceroy the 177,000 shares which he possesses, and which represent about half the total number.

Strange contradiction of events. That Suez Canal, against which England manifested so much hostility, becomes an English canal. As she could not prevent its being opened, she wished to keep the keys of it in her own hands. Aden was not sufficient. It seems to us an act of great political ability which does great honour to the perspicacity of Mr. Disraeli's Government. The expense is small in comparison with the greater security which Great Britain acquires for its possessions. A policy based upon free trade can never give rise to the suspicion that the possession of the Suez Canal should ever be employed for closing the new road to the East to the commerce of all nations. But should a serious complication arise, England will have an inestimable advantage over her rivals. When England ceded the Ionian Islands to Greece, Prince Bismarck proclaimed her decadence, because a Power who spontaneously cedes a

portion of its territory is a Power who renounces all political activity. The contract concluded with the Viceroy of Egypt will modify Prince Bismarck's judgment by proving that in the case of her own interests in the East, Great Britain retains that foresight and sollicitude which enabled her to raise herself to such a great Power.

No. 13.

Sir A. Buchanan to the Earl of Derby.—(*Received December* 3.)

(Extract.) *Vienna, November* 30, 1875.

COUNT ANDRASSY, who came here on the 23rd instant with the Emperor to attend the funeral of the late Duke of Modena, has since been confined to the house.

It is only from hearsay, therefore, that I can form an opinion of his impressions as to the purchase by Her Majesty's Government of the shares in the Suez Canal held by the Khedive.

On Baron Hofmann's speaking to me on the subject, I said that I presumed the purchase made by Her Majesty's Government would be generally looked upon with satisfaction by their allies, as ensuring the future prosperity of the Canal and promoting the interests of navigation with the East.

No. 14.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, December* 3, 1875.

I AM directed by the Earl of Derby to request that you will state to the Lords Commissioners of the Admiralty that his Lordship understands that the "Malabar" troop-ship will be passing through the Red Sea on her passage to England during the early part of this month, and as it is very desirable that the Suez Canal shares purchased from the Khedive on behalf of Her Majesty's Government should be safely and speedily conveyed to this country, I am to suggest that the "Malabar" should call at Alexandria for them.

It appears by a telegraphic despatch received from Her Majesty's Agent and Consul-General that the shares are contained in seven or more large cases.

Lord Derby would be glad to be informed, at their Lordships' early convenience, whether this can be done, and the date at which, should it be so arranged, the "Malabar" could call at Alexandria.

I am, &c.
(Signed) TENTERDEN.

No. 15.

The Secretary to the Admiralty to Lord Tenterden.—(*Received December* 3.)

Sir, *Admiralty, December* 3, 1875.

WITH reference to your letter of this day, I am commanded by my Lords Commissioners of the Admiralty to request that you will inform the Earl of Derby that they have given orders that Her Majesty's troop-ship "Malabar" shall call at Alexandria on the 15th or 16th of this month to receive certain cases from Her Majesty's Consul-General in Egypt; and their Lordships would represent, for the consideration of Lord Derby, the advisability of desiring the Consul-General to have these cases embarked in the "Malabar" as soon as she arrives, so as not to detain the ship.

I am, &c.
(Signed) ROBERT HALL.

No. 16.

*Major-General Stanton to the Earl of Derby.**—(*Received December* 6.)

(Extract.) *Cairo, November* 27, 1875.

I WAS honoured with a short interview by the Khedive on the 25th instant, when the arrangements for the purchase of His Highness' Suez Canal shares had been

* The substance of this despatch was telegraphed.

completed, on which occasion His Highness mentioned to me that offers were being made to him for the purchase of the right of the Egyptian Government to the 15 per cent. of the net revenue of the Suez Canal, specified in the act of concession granted to that Company, and His Highness begged me to mention the matter to your Lordship, in the belief that it might perhaps suit Her Majesty's Government to become the possessors of this right, in addition to the shares just purchased, as it would, in his opinion, carry with it a greater power of control over the Company than the possession of the shares would entail.

The Khedive added that overtures on the subject of disposing of this right were made to him during the last winter, when he was informed that a sum of between 30,000,000 and 40,000,000 francs might be obtained by him on this property; that he had then declined to consider the proposal, but that under existing circumstances he was disposed to agree to an arrangement of that nature.

I told His Highness that I could give no opinion as to what the views of Her Majesty's Government might be on the subject, that the transaction, although doubtless of considerable importance, appeared to me rather too much in the nature of a financial speculation to be likely to be favourably considered, but I undertook to lay the matter before your Lordship.

To-day both Nubar and Cherif Pashas have spoken to me on the subject, and the latter especially endeavoured to impress me with the importance of the matter.

No. 17.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, December* 4, 1875.

I SAW the French Ambassador yesterday, and thought it well to communicate to him the general purport of General Stanton's telegram, relating to the proposed sale by the Khedive of some further interests in the Suez Canal.

I told the Marquis d'Harcourt that, though no decision had been formally come to on the subject, I was well assured Her Majesty's Government would not feel disposed to enter into a speculative purchase of this kind, and that I had mentioned the matter to him only in order that his Government might see that we had no wish to keep back from them any fact relating to the present position of Egyptian finances.

I made no reference in this conversation to the rumour that the French Government were themselves negotiating for the acquisition of the property in question.

I am, &c.
(Signed) DERBY.

No. 18.

Lord Odo Russell to the Earl of Derby.—(Received December 6.)

My Lord, *Berlin, November* 29, 1875.

I HAD the honour of seeing Prince Bismarck at the Foreign Office to-day, who spoke in terms of high appreciation of the policy adopted by Her Majesty's Government with regard to the purchase of the Khedive's shares of the Suez Canal. His Highness said that he desired to express his congratulations to your Lordship on Her Majesty's Government having thus "done the right thing at the right moment in regard to the Suez Canal."

The measure met with his sincere approval as a further and important guarantee of the maintenance of peace in Europe, and as such he gave it his most hearty support.

I have, &c.
(Signed) ODO RUSSELL.

No. 19.

The Earl of Derby to Lord Odo Russell.

My Lord, *Foreign Office, November* 30, 1875.

HER Majesty's Government have learnt with much satisfaction from your telegraphic despatch dated the 29th instant that the policy recently adopted by Her

Majesty's Government with regard to the purchase of a number of shares in the Suez Canal has met with the support of the Imperial Government, and I have to request your Excellency to convey the thanks of Her Majesty's Government to Prince Bismarck for this friendly expression of opinion on the part of the German Government.

I am, &c.
(Signed) DERBY.

No. 20.

Lord Odo Russell to the Earl of Derby.—(Received December 6.)

My Lord, *Berlin, December 3, 1875.*

WITH reference to your Lordship's despatch of the 30th ultimo, I have the honour to state that on receiving your Lordship's telegram of the day before, I at once conveyed to the Prince Chancellor the thanks of Her Majesty's Government for his friendly expressions of approval and support of the policy recently adopted by them in regard to the purchase of a number of shares in the Suez Canal.

I have, &c.
(Signed) ODO RUSSELL.

No. 21.

Mr. Monson to Sir A. Buchanan.—(Received at the Foreign Office, December 6.)

(Extract.) *Buda Pesth, December 1, 1875.*

PUBLIC opinion in Hungary, so far as it is represented by the daily press, appears to be well satisfied with the recent transaction, by which the Khedive's pecuniary interest in the Suez Canal has been transferred to England. These newspapers admit the necessity of England's securing for herself the control of the direct water-way to India; a necessity which, the "Pesti Naplo" says, is distinct from England's obligations with regard to the Eastern question, and is neither politically nor commercially of a kind to cause distrust to the rest of Europe.

No. 22.

Raschid Pasha to Musurus Pasha.—(Communicated to the Earl of Derby by Musurus Pasha, December 6.)

(Télégraphique.) *Constantinople, le 4 Decembre, 1875.*

RECU télégramme, Spécial No. 284.

Le Gouvernement Impérial n'a reçu jusqu'à présent aucune information officielle de la part de son Altesse le Khedive concernant la vente à l'Angleterre des actions Egyptiennes du Canal de Suez.

Nous sommes en correspondance avec le Khedive, et je me réserve de vous faire connaître la décision qui sera prise par la Sublime Porte après la réception de la réponse de son Altesse. Votre Excellence peut, en attendant, entretenir dans ce sens le Principal Secrétaire d'Etat de Sa Majesté Britannique.

(Translation.)

(Telegraphic.) *Constantinople, December 4, 1875.*

TELEGRAM, Special, No. 284 received.

The Imperial Government has, up to the present time, received no official information from His Highness the Khedive respecting the sale to England of the Egyptian Suez Canal shares.

We are in correspondence with the Khedive, and I postpone communicating to you the decision of the Sublime Porte till after the receipt of His Highness' answer.

Your Excellency may, in the meanwhile, speak to the Principal Secretary of State of Her Britannic Majesty in this sense.

No. 23.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, December* 6, 1875.

THE Queen having been pleased to approve of the appointment of the Right Honourable Stephen Cave, a member of the House of Commons, and Her Majesty's Paymaster-General, to proceed on a special mission to Egypt, Her Majesty's Government have determined to request you to accompany the special mission, that you may assist and advise Mr. Cave in his duties as Envoy, and that he may have the benefit of the experience of the country and people which you have gained during your previous employment in the Ottoman dominions.

Her Majesty's Government also desire that you should confer with Her Majesty's Agent and Consul-General in Egypt on the subject of the recent purchase, on behalf of Great Britain, of the shares in the Suez Canal heretofore held by His Highness the Khedive, and furnish a report on the position which Her Majesty's Government will occupy as possessors of those shares, and on any measures which it may be desirable to take in order to secure the full benefit of the purchase.

I am, &c.
(Signed) DERBY.

No. 24.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 6, 1875.

I HAVE to instruct you to express the thanks of Her Majesty's Government to the Khedive for his offer to sell them his right to 15 per cent. on the net profits of the Suez Canal.

This proof of the Khedive's friendly sentiments, and frankness in dealing with Her Majesty's Government, has been received by them with satisfaction, but they do not desire to avail themselves of his offer.

You will remind His Highness, in courteous terms, that the 5 per cent. interest on the purchase money of the Suez Canal shares so long as the interest on the coupons remains hypothecated, which has been guaranteed to Her Majesty's Government on the revenues of Egypt, as provided in the contract signed by you on the 25th ultimo, forms a primary charge on the revenues of Egypt, and it is for His Highness to consider whether, pending the arrival of Mr. Cave's Special Mission, it would be advisable to enter into a further large transaction of this kind.

You will, moreover, explain that Her Majesty's Government would regard as a violation of the Firman of the Porte, and as inconsistent with the integrity of the Ottoman Empire, any act of the Khedive dispossessing himself in any manner of the control over the Suez Canal, which has been secured to His Highness by the Company's concessions and statutes, and which has been confirmed by the Porte.

Her Majesty's Government must not be understood as acquiescing in such a course, although, on the present occasion, they do not raise objection to the proposed sale of the Khedive's right to 15 per cent. on the net profits of the Canal.

I am, &c.
(Signed) DERBY.

No. 25.

Sir A. Paget to the Earl of Derby.—(Received December 8.)

(Extract.) *Rome, December* 3, 1875.

IN the course of a conversation I had yesterday with Chevalier Visconti Venosta, his Excellency alluded to the purchase of the Khedive's shares in the Suez Canal by Her Majesty's Government.

His Excellency expressed himself in the most favourable and friendly terms.

From an English point of view he did not suppose there could be two opinions as to the wisdom of the step which had been taken; and speaking in regard to the interests of Italy and of the world in general, his Excellency, after referring to the

cordial manner in which the British and Italian Governments had acted together in resisting the attempt to raise the tolls of the Canal, proceeded to say that he should consider the possession by England, who was never likely to establish exclusive regulations to the prejudice of other Powers, of a preponderating voice in the affairs of the Canal, as highly advantageous for the commercial interests of all nations; and, politically speaking, his Excellency said that he could not but rejoice at an act which tended to increase the influence of Great Britain in the Mediterranean, not only on account of the past services which Italy had received from England, but also in view of general considerations connected with the future.

I replied that I heard these friendly sentiments with great pleasure, and that I was sure they would be highly appreciated by Her Majesty's Government, to whom I should not fail to report them.

No. 26.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, December* 9, 1875.

I TRANSMIT to you herewith a copy of a telegraphic despatch from the Ottoman Minister for Foreign Affairs to the Turkish Ambassador in London, communicated to me by the latter on the 6th instant,* respecting the purchase by Her Majesty's Government of the Khedive's Suez Canal shares.

As his Excellency informed me that he had explained the whole matter to the Porte, I did not think it necessary to make any observations to him on the subject.

Your Excellency will no doubt already have assured the Porte, in accordance with the instructions sent to you by telegraph, that Her Majesty's Government have no intention of derogating from the sovereign rights of the Sultan, and that the purchase of the shares of the Suez Canal Company was a necessary measure to prevent them falling into the possession of those who might have made use of them in a manner prejudicial both to the Porte and to Great Britain.

I am, &c.
(Signed) DERBY.

No. 27.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 10, 1875.

I HAVE to instruct you, in presenting Colonel Stokes to the Khedive, to inform His Highness of the special duty with which he is charged in connection with the purchase by Her Majesty's Government of the Khedive's Suez Canal shares, and to state that Her Majesty's Government would be glad if the Egyptian Government would communicate freely with him on all subjects relating to the Canal.

I am, &c.
(Signed) DERBY.

No. 28.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, December* 10, 1875.

HER Majesty's Government have seen with much satisfaction from the Circular letter of M. de Lesseps inclosed in your Excellency's despatch of the 30th ultimo, that the step taken by Her Majesty's Government in purchasing the Khedive's Suez Canal shares, has been viewed by him in its proper light so far as the future relations of Her Majesty's Government and the Company are concerned.

There is nothing in the Statutes of the Company, or in the concessions, requiring a formal notification to be made to the Company of the purchase.

Her Majesty's Government, nevertheless, desire, as a matter of courtesy, that your

* No. 22.

Exc ellency should take an opportunity of intimating to M. de Lesseps that, in making the purchase, Her Majesty's Government had in view the general interests of commerce which are closely bound up with the interests of the Canal.

Her Majesty's Government recognise the pre-eminent part taken by M. de Lesseps in the foundation and construction of the Canal, and will always be found anxious to support him in any measures conducive to its welfare.

I am, &c.
(Signed) DERBY.

No. 29.

Lord Lyons to the Earl of Derby.—(Received December 11.)

My Lord, *Paris, December 10, 1875.*

M. DE LESSEPS called upon me the day before yesterday, and said that he had come to express in person to me the satisfaction with which he regarded the acquisition of the Khedive's Suez Canal shares by Great Britain. He begged me to assure Her Majesty's Government that they would always find him disposed, as President-Director of the Canal Company, to be serviceable and agreeable to them, and ready to give them any information they might desire to obtain.

M. de Lesseps said that he should have come before to make this communication to me, had he not thought it better to defer doing so until after a meeting of the administrative council of the Company. He added that a meeting having now taken place, he was able to speak in the name of his colleagues in the administration, as well as in his own.

M. de Lesseps proceeded to discuss the question of the right of the holders of the Khedive's shares to take part in the general meetings of the Canal Company, and to vote at those meetings.

He said that it had been positively decided that the holders of the "Délégations," or assignments of the interest on these shares up to 1894, had no votes.

On the other hand, the question whether the Khedive was entitled to votes on account of these shares, notwithstanding the temporary alienation of the interest, had, he told me, never been judicially decided. The Khedive had maintained that, as it had been determined that the "Délégations" did not give votes, it was manifest that the shares themselves did, and that he was absolutely entitled to vote in the same way as any other proprietor of shares. No regular decision had been come to as to the right, but it had been resolved that the Khedive should be allowed his ten votes provisionally. The Khedive had accordingly placed these votes in the hands of M. de Lesseps himself as his proxy.

Having given the above account of the state of the question, M. de Lesseps observed that he had never had any occasion to use the Khedive's votes as votes, but that he had taken advantage of holding them, in order to make up the number of shares represented which was required to make the proceedings of a general meeting valid.

M. de Lesseps assured me, in conclusion, that in this, as in all other matters, it would be his desire to be agreeable to Her Majesty's Government.

I mentioned what M. de Lesseps had said to me to Colonel Stokes, who passed through Paris yesterday, on his way to join Mr. Cave's Mission to Egypt.

I have, &c.
(Signed) LYONS.

P.S.—M. de Lesseps told me that he intended to set out for Egypt in ten days.
L.

No. 30.

Major-General Stanton to the Earl of Derby.—(Received December 12.)

My Lord, *Cairo, December 4, 1875.*

I HAVE the honour to report to your Lordship that in compliance with the instructions contained in your Lordship's telegram of the 30th ultimo, I have desired Mr. Wallis, Her Majesty's Legal Vice-Consul at Cairo, to cause a register of the Suez

Canal shares purchased by Her Majesty's Government to be prepared in his office, in the presence and with the assistance of a Delegate of the Egyptian Ministry of Finance; and I beg to forward to your Lordship a copy of the instructions which I have given to Mr. Wallis on the subject.

The clerical labour of making a separate entry of each of the 176,602 shares would have been so excessive, and so much time would have been required to prepare such a register, that I considered it advisable to suggest to Mr. Wallis that the entries should be made in groups of 50 or 100 shares; and as that gentleman was apprehensive that the preparation of this register would seriously interfere with the ordinary work of his Consulate, I have taken upon myself to authorize him to engage the services of such temporary clerical assistance as he might find necessary for the purpose.

Trusting your Lordship will approve of this step, and will authorize the payment of such a sum as may be required for this temporary addition to the staff of the Vice-Consulate, I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 30.

Major-General Stanton to Mr. Wallis.

Sir, *Cairo, December* 2, 1875.

IN conformity with instructions which I have received from Her Majesty's Secretary of State for Foreign Affairs, I have to request that you will cause a register to be made in duplicate of the Suez Canal shares recently purchased from the Egyptian Government and deposited in Her Majesty's Consular Court at Cairo.

The Register should contain a list of the numbers of these shares, and also specify any special particulars, such for instance as the date on which the first coupon will become payable, and any further detail which may in your opinion be necessary for a complete record of these shares.

A delegate from the Egyptian Ministry of Finance will attend at your office to assist in the verification of the numbers of the shares, and I would suggest that each sheet of the Register should be signed by yourself and by the Egyptian delegate, who must in all cases assist at the removal of the seals affixed to the cases containing the shares.

I imagine it will not be found necessary to enter each share separately on the Register, but that the entry can be made in groups of 50 or of 100 shares each; this detail I must, however, leave to your judgment, as also the decision as to whether any additional strength to the staff of your office may be temporarily necessary for the speedy termination of this work, but in the event of such clerical assistance being considered necessary by you, I am prepared to authorize you to engage the services of such clerk or clerks as may be required for the preparation of these registers with the least possible delay, and without interfering with the ordinary work of your office.

I have, &c.

(Signed) EDWD. STANTON.

No. 31.

The Earl of Derby to Sir A. Paget.

Sir, *Foreign Office, December* 14, 1875.

I HAVE received your despatch of the 3rd instant, reporting a conversation which you have had with M. Visconti Venosta on the subject of the recent purchase by Her Majesty's Government of the Khedive's shares in the Suez Canal; and I approve the language which you held to his Excellency on that occasion.

I am, &c.

(Signed) DERBY.

No. 32.

The Earl of Derby to Sir A. Paget.

Sir, *Foreign Office, December* 14, 1875.

WITH reference to my previous despatch of this day's date, approving the language which you had held in your conversation with the Chevalier Visconti Venosta, respecting the purchase by Her Majesty's Government of the Khedive's shares in the Suez Canal, I have to authorize you to state to M. Visconti Venosta that Her Majesty's Government have learnt with satisfaction the friendly sentiments expressed by his Excellency in regard to this transaction, as reported by you.

I am, &c.
(Signed) DERBY.

No. 33.

Lord Lyons to the Earl of Derby.—(Received December 14.)

My Lord, *Paris, December* 13, 1875.

YESTERDAY, in execution of the instruction contained in your Lordship's despatch of the 10th instant, I said to M. de Lesseps that, in purchasing the Khedive's Suez Canal shares, Her Majesty's Government had had in view the general interests of commerce, which are closely bound up with the prosperity of the Canal. I added that Her Majesty's Government had learnt with much satisfaction the sentiments expressed by M. de Lesseps with regard to this purchase; that they recognized the pre-eminent part taken by him in the foundation and construction of this great work; and that they would always be found ready to support him in any measures conducive to its welfare.

M. de Lesseps begged me to convey to Her Majesty's Government his warm thanks for this communication.

He said that he should set out for Egypt on the 18th instant, and that when there he should be happy to place his services at the disposal of Mr. Cave.

I have, &c.
(Signed) LYONS.

No. 34.

Lord Lyons to the Earl of Derby.—(Received December 17.)

(Extract.) *Paris, December* 16, 1875.

M. DE LESSEPS called upon me this afternoon to take leave of me before setting out for Egypt.

M. de Lesseps repeated that his services would be entirely at the disposal of Mr. Cave. He said that one of his first objects on arriving in Egypt would be to place himself in communication with Mr. Cave and Colonel Stokes, and that he felt sure that his long experience of the country would enable him to be useful to them.

He told me that he should leave France for Egypt on the 18th instant, and that he intended to remain for about three months in that country.

No. 35.

The Secretary to the Admiralty to Mr. Lister.—(Received December 17.)

Sir, *Admiralty, December* 16, 1875.

I AM commanded by my Lords Commissioners of the Admiralty to request you will inform the Earl of Derby that a telegram has been received from Her Majesty's Principal Transport Officer at Alexandria, reporting that Her Majesty's ship "Malabar" left that port this afternoon, having embarked the cases referred to in your letter of the 3rd instant.

I am, &c.
(Signed) VERNON LUSHINGTON.

No. 36.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, December* 17, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 16th instant, and I am to request that you will move the Lords Commissioners of the Admiralty to have the goodness to inform his Lordship when the "Malabar" is sighted, in order that time may be given to allow of the vessel being met on her arrival in port.

Lord Derby has suggested that the Board of Treasury should make arrangements for taking charge of the shares on their arrival at Southampton.

I am, &c.
(Signed) TENTERDEN.

No. 37.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 17, 1875.

I HAVE to convey to you my approval of the letter which you addressed to Mr. Wallis on the 2nd instant, instructing him to cause a register of the Suez Canal shares to be prepared in his office; and I also approve of the permission which you gave him to engage, if required, the services of one or more clerks in the execution of this duty, in order that the work may be completed with the least possible delay.

I am, &c.
(Signed) DERBY.

No. 38.

Major-General Stanton to the Earl of Derby.—(Received December 18.)

My Lord, *Cairo, December* 11, 1875.

I HAVE the honour to report that, on the receipt of your Lordship's telegram of the 6th instant, I immediately waited on the Khedive, and informed His Highness that I was instructed to thank him for the offer of the purchase of his right to 15 per cent. on the net profits of the Suez Canal; that Her Majesty's Government had received with satisfaction this proof of his friendly sentiments and frankness in dealing with them, but that they did not desire to avail themselves of his offer.

I then reminded His Highness of the fact that, at his own request, Her Majesty's Government were sending Mr. Cave on a special mission to Egypt to confer with him on the subject of his finances, and I begged His Highness to consider whether it would not be more courteous to that gentleman, and at the same time more advisable for himself, to defer entering into any further transaction of this nature until he should have ascertained Mr. Cave's views of the matter. I also reminded His Highness, as instructed by your Lordship, that the 5 per cent. interest guaranteed on the purchase money of the Suez Canal shares bought by Her Majesty's Government formed a primary charge on the revenues of Egypt, adding that this was, in my opinion, an additional reason why His Highness should not enter into any arrangement for the transfer of any portion of these revenues pending Mr. Cave's arrival.

I further stated to His Highness that I was instructed to explain that, although Her Majesty's Government did not raise objections to the sale of this 15 per cent. of the Canal revenue, they must not be considered as acquiescing in his dispossessing himself in a manner of the control over the Canal secured to him by the Company's Concession and Statutes, and confirmed by the Porte; that, on the contrary, Her Majesty's Government would consider such an act as a violation of the Firman of the Porte, and inconsistent with the integrity of the Ottoman Empire.

His Highness replied that he considered the sale of this 15 per cent. as purely a financial transaction, which could not in any way diminish the power of control over the Canal secured to him by the Act of Concession and by the Statutes of the Company, and that he had no intention whatever of dispossessing himself of the control so secured to him. He expressed his regret that Her Majesty's Government

were not disposed to avail themselves of the offer of the purchase, as he considered that the greater the interest possessed by them in Egypt, the better it would be for this country. He admitted the advisability of deferring for the present the further consideration of the question, and assured me that, although pressed by M. de Lesseps for an answer to his proposal, he would not enter into any arrangement on the matter until after he had consulted with Mr. Cave.

I have, &c.
(Signed) EDWD. STANTON.

No. 39.

Sir H. Elliot to the Earl of Derby.—(*Received December* 20.)

(Extract.) *Constantinople, December* 8, 1875.

UPON the receipt of your Lordship's telegram of the 1st instant, I caused the Porte to be informed that Her Majesty's Government had purchased the Viceroy's shares in the Suez Canal Company upon finding that His Highness was resolved to sell them, and that they might fall into hands which would not be for the interest of either Turkey or Great Britain.

When I spoke upon the subject yesterday to Raschid Pasha, he said that the excitement at first caused by the news had entirely ceased.

No. 40.

Sir A. Buchanan to the Earl of Derby.—(*Received December* 20.)

(Extract.) *Vienna, December* 16, 1875.

COUNT ANDRASSY, in speaking to me to-day of the recent purchase by Her Majesty's Government of the Suez Canal shares held by the Khedive, said that, as he was confident the purchase would prove as advantageous to Austrian as to British commerce, he could only look upon it with satisfaction, adding that he was also happy to feel that there is not one question in the east or in the west of Europe in which the interests of Austria and Great Britain are not, in his opinion, identical.

No. 41.

Sir A. Paget to the Earl of Derby.—(*Received December* 20.)

My Lord, *Rome, December* 16, 1875.

WITH reference to my despatch of the 3rd instant, and to your Lordship's instructions of the 14th instant, I have the honour to acquaint your Lordship that I have informed Chevalier Visconti Venosta that Her Majesty's Government have learnt with satisfaction the friendly sentiments expressed by the Italian Government in regard to the purchase of the Suez Canal shares.

I have, &c.
(Signed) A. PAGET.

No. 42.

The Secretary to the Admiralty to Mr. Lister.—(*Received December* 21.)

Sir, *Admiralty, December* 20, 1875.

IN reply to your letter of the 17th instant, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for Foreign Affairs, that Her Majesty's ship "Malabar" will come to Portsmouth, not Southampton, and that she is expected to arrive at the first-named port on the 31st instant.

I am, &c.
(Signed) ROBERT HALL.

No. 43.

Lord Tenterden to the Secretary to the Treasury.

Sir, *Foreign Office, December* 21, 1875.

WITH reference to my letter of the 17th instant, I am directed by the Earl of Derby to request that you will state to the Lords Commissioners of Her Majesty's Treasury that his Lordship has been informed by the Board of Admiralty that Her Majesty's ship "Malabar," with the Suez Canal shares on board, will come to Portsmouth, not Southampton, and that she is expected to arrive at the first-named port on the 31st instant.

I am, &c.

(Signed) TENTERDEN.

No. 44.

Major-General Stanton to the Earl of Derby.—(Received December 27.)

My Lord, *Cairo, December* 17, 1875.

I HAVE the honour to report to your Lordship, that having received information that Her Majesty's ship "Malabar" had passed through the Suez Canal, and might be expected at Alexandria on the morning of the 16th instant, I proceeded there yesterday morning by a special train, which had been placed at my disposal by the Khedive, taking with me the cases containing the Suez Canal shares recently purchased by Her Majesty's Government, for the purpose of handing them over to the officer commanding that vessel; but finding, on my arrival at Alexandria, that the "Malabar," though momentarily expected, had not arrived, and finding also that the Brindisi mail steamer, with the Right Honourable Stephen Cave on board had already reached the port, I handed over the cases containing the Canal shares, and a bag of despatches addressed to your Lordship, to the care of Captain Willoughby, Royal Navy, Principal Transport Officer and Agent to the Government of India in Egypt, who undertook to see them placed on board the "Malabar" immediately on her arrival, and proceeded myself to attend on Mr. Cave.

The "Malabar" reached Alexandria shortly after 1 o'clock, and having embarked the cases, left *en route* for England in the course of the afternoon.

I have, &c.

(Signed) EDWD. STANTON.

No. 45.

Major-General Stanton to the Earl of Derby.—(Received December 27.)

My Lord, *Cairo, December* 17, 1875.

WITH reference to my telegram of the 11th instant to your Lordship on the subject of the communication made by the Khedive to the Porte respecting the sale of his Suez Canal shares to Her Majesty's Government, I have the honour now to forward to your Lordship a translation which has been furnished me by His Highness of the communication made to him by the Porte, as well as of the reply which he had addressed to the Grand Vizier on that subject.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure 1 in No. 45.

The Grand Vizier to the Khedive.

(Télégraphique.) *Constantinople, le* 24 *Novembre,* 1875.

D'APRES les nouvelles venues de Londres, et les publications des journaux, nous avons appris que les actions du Canal de Suez, appartenant au Gouvernement Egyptien, ont été vendues au Gouvernement Anglais. Comme pourtant les versions à ce sujet sont différentes, et que cette affaire doit être portée à la connaissance de Sa Majesté le

Sultan, nous vous prions de nous faire connaître les détails et la vérité sur cette affaire.

(Translation).

(Telegraphic.) *Constantinople, November* 24, 1875.

ACCORDING to news received from London and newspapers reports, we have learnt that the Suez Canal shares belonging to the Egyptian Government have been sold to the English Government. As, however, the accounts on this subject differ, and the matter must be brought to the knowledge of the His Majesty the Sultan, we beg that you will communicate to us the details and an exact account of this transaction.

Inclosure 2 in No. 45.

The Khedive to the Grand Vizier.

(Télégraphique.)

NOUS avons eu l'honneur de recevoir le télégramme de votre Altesse, relatif à la vente au Gouvernement Anglais des actions du Canal appartenant au Gouvernement d'Egypte. Votre Altesse n'ignore pas que lors de la constitution de la Compagnie du Canal une partie des actions avaient été souscrites par le Trésor Egyptien. Jusqu'à présent ces actions n'ont été sous aucun rapport et d'aucune manière de la moindre utilité au Gouvernement, et pesaient, à mon grand regret, comme un lourd fardeau sur le Trésor. Quelques banquiers avaient fait des propositions pour l'achat de ces actions; pendant que cette vente se traitait avec eux, le Gouvernement Anglais ayant manifesté le désir de les acquérir à des conditions bien plus avantageuses que les leurs; et ces actions ayant le caractère des actions des autres Compagnies qui se vendent et s'achètent journellement, le Gouvernement Egyptien les a vendues au Gouvernement Anglais et a retiré un profit de ces actions qui étaient sa propriété, et qui, comme il a été dit plus haut, ne lui avaient jamais servi à rien. C'est ainsi que l'affaire a eu lieu.

(Translation).

(Telegraphic.)

WE have had the honour to receive your Highness' telegram relative to the sale to the British Government of the Suez Canal shares belonging to the Egyptian Government. Your Highness is aware that at the time of the constitution of the Canal Company part of the shares were subscribed by the Egyptian Treasury. Up to the present time, these shares have never been in any respect or in any manner of the slightest use to the Government, and were, to my great regret, a heavy burthen upon the Treasury. Certain bankers made proposals for the purchase of these shares; while this sale was being negotiated, the English Government manifested the wish to acquire them on much more advantageous terms, and as these shares are similar to the shares of other companies which are bought and sold daily, the Egyptian Government has sold them to the English Government, and has thus made a profit on the shares, which were their property, and which, as has been said above, were never of any use to them.

It is thus that the transaction took place.

No. 46.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 31, 1875.

I HAVE to inform you that the Lords Commissioners of Her Majesty's Treasury have signified their approval of the steps you have taken for the completion of a Register of the Suez Canal Shares purchased by Her Majesty's Government, as reported in your despatch of the 4th instant.

I am, &c.

(Signed) DERBY.

No. 47.

The Secretary to the Admiralty to Lord Tenterden.—(Received December 31.)

Admiralty, December 31, 1875.

THE Secretary of the Admiralty presents his compliments to the Under Secretary of State for Foreign Affairs, and, with reference to Admiralty letter of the 20th instant,* begs to inform him that Her Majesty's ship "Malabar" has arrived at Portsmouth.

No. 48.

Lord Tenterden to the Secretary to the Treasury.

Foreign Office, December 31, 1875.

LORD TENTERDEN presents his compliments to the Secretary to the Treasury, and is directed by the Earl of Derby to request that he will be so good as to inform the Lords of the Treasury that a letter has been received at this office from the Board of Admiralty reporting the arrival of the "Malabar" at Portsmouth.

No. 49.

Major General Stanton to the Earl of Derby.—(Received January 1, 1876.)

My Lord, *Cairo, December* 15, 1875.

I HAVE the honour to inform your Lordship that the registration of the shares in the Suez Canal Company, recently purchased by Her Majesty's Government from his Highness the Khedive, has been completed in Her Majesty's Legal Vice-Consulate in this city in the presence of a Delegate from the Egyptian Ministry of Finance, and I have the honour to forward herewith one copy of the Register which has been made, each page of which is attested by the signature of Mr. Wallis, Her Majesty's legal Vice-Consul, and by the seal of the Egyptian Delegate, a second copy similarly attested being retained in the archives of the Vice-Consulate.

The verification of these shares was conducted in the most careful manner by Mr. Wallis, each packet being opened and counted in the presence of the Egyptian Delegate, and the numbers borne by the shares entered in the Register, which shows that 176,602 shares, numbering from No. 223,399 to No. 400,000, both inclusive, have been handed over to Her Majesty's Government.

I have caused these shares to be packed in four zinc-lined cases, which are addressed to your Lordship, and are marked respectively A, B, C, and D, each case bearing also the seal of the Cairo Consular Court, and am awaiting the arrival of Her Majesty's ship "Malabar" at Alexandria to hand over the cases for transmission to England, in charge of the officer commanding that ship, to whom also I entrust this despatch.

Another copy of the Register will be forwarded by post.

I have, &c.

(Signed) EDWD. STANTON.

No. 50.

Lord Tenterden to the Secretary to the Treasury.

Sir, *Foreign Office, January* 1, 1876.

I AM directed by the Earl of Derby to transmit to you herewith, to be laid before the Lords of the Treasury, a copy of a despatch from Her Majesty's Agent and Consul-General, transmitting copy of the register of the shares in the Suez Canal Company recently purchased by Her Majesty's Government.

A second copy of the Register, similarly attested by the signature of Her Majesty's

* No. 42.

Legal Vice-Consul and the seal of the Egyptian Delegate, is retained in the archives of the Vice-Consulate.

I am, &c.
(Signed) TENTERDEN.

No. 51.

Mr. Stronge to Lord Tenterden.—(*Received January* 3.)

My Lord, *Treasury Chambers, January* 3, 1876.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Earl of Derby, that, on the 1st instant, the four cases containing the Suez Canal shares were handed over by the Captain of Her Majesty's ship "Malabar" to an officer of this Department, and were deposited on the same day at the Bank of England to the orders of the Chancellor of the Exchequer and Baron de Rothschild.

I am to add that the boxes will be opened and the contents verified at the Bank, and that my Lords have forwarded for comparison the Register of Shares inclosed in your letter of the 1st instant. This will be returned to this Department when the examination of the shares is completed.

I am, &c.
(Signed) CHARLES W. STRONGE, *pro Sec.*

No. 52.

The Secretary to the Admiralty to Lord Tenterden.—(*Received January* 5.)

Sir, *Admiralty, January* 4, 1876.

I AM commanded by my Lords Commissioners of the Admiralty to request you will inform the Secretary of State for Foreign Affairs, that an account has been received through the Principal Transport Officer in Egypt, of expenses amounting to 33*l.* 4s. 5d., incurred in connection with the shipment on board Her Majesty's ship "Malabar," at Alexandria, of the cases containing the Suez Canal Shares, purchased by Her Majesty's Government, and my Lords would be glad to be acquainted by what Department the expenses will be defrayed.

I am, &c.
(Signed) ROBERT HALL.

No. 53.

Mr. Lingen to Lord Tenterden.—(*Received January* 5.)

Sir, *Treasury Chambers, January* 5, 1876.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Secretary of State for Foreign Affairs that they have this day learned from the Bank of England that the four cases containing 176,602 shares in the Suez Canal Company have been opened and the contents verified.

The Chief Cashier states that the register of the shares appears to be correct except in the following instances, viz.:—

Share No. 253,929 is in duplicate, No. 253,928 being missing.

Share No. 271,300 is also in duplicate, No. 271,299 being missing.

I am to request that such steps may be taken, in order to procure the correction of the errors, as Lord Derby considers most suitable.

I am, &c.
(Signed) R. R. W. LINGEN.

No. 54.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, January* 7, 1876.

I TRANSMIT herewith a copy of a letter from the Lords Commissioners of Her Majesty's Treasury* stating that the shares in the Suez Canal lately purchased by Her Majesty's Government having been deposited at the Bank of England, certain errors have been discovered in the register of the shares, and I have to instruct you to furnish me with as full an explanation as you can obtain respecting this matter.

I am, &c.
(Signed) DERBY.

No. 55.

Mr. Lister to Mr Lingen.

Sir, *Foreign Office, January* 8, 1876.

IN reply to your letter of the 5th instant, stating that certain errors have been discovered in the register of the shares in the Suez Canal lately purchased by Her Majesty's Government, I am directed by the Earl of Derby to request that you will inform the Lords Commissioners of Her Majesty's Treasury that Her Majesty's Agent and Consul-General in Egypt has been instructed to furnish as full an explanation as he can obtain respecting this matter.

I am, &c.
(Signed) T. V. LISTER.

No. 56.

Major-General Stanton to the Earl of Derby.—(*Received January* 10, 1876.)

My Lord, *Cairo, December* 31, 1875.

I HAD the honour to forward to your Lordship with my despatch of the 15th instant, one copy of the Register of the Suez Canal Shares purchased by Her Majesty's Government from the Khedive; and I have now, in compliance with the instructions contained in your Lordship's despatch of the 26th ultimo, the honour to forward a certified copy of that Register which has been prepared by Her Majesty's Legal Vice-Consul at this place.

I have, &c.
(Signed) EDWD. STANTON.

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* No. 53.

APPENDIX.

FORMS OF SHARES, &c.,

ISSUED BY THE

SUEZ CANAL COMPANY.

APPENDIX.

Forms of Shares, &c., issued by the Suez Canal Company.

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I. ORDINARY SHARES.

FRONT.

COMPAGNIE UNIVERSELLE

DU

CANAL MARITIME DE SUEZ

CAPITAL: DEUX CENTS MILLIONS DE FRANCS

ACTION DE CINQ CENTS FRANCS

AU PORTEUR

—:o:—

CHAQUE ACTION DONNE DROIT:

1 A la propriété d'un quatre cent millième de l'actif social;
2 A un intérêt annuel de 5 p. o/o payable par semestre, le 1 janvier et le 1 juillet de chaque année;
3 A un dividende annuel, payable le 1 juillet.

Un Administrateur, EMILE GUILLAUME.

Un Administrateur, V. DELAMALLE.

Compagnie du Canal — Quatre-vingt-quinze Coupon. — NO. — Echéant le 1 Juillet 1906. — Maritime de Suez.

Compagnie du Canal — Quatre-vingt-quatorze Coupon. — No. — Echéant le 1 Janvier 1904. — Maritime de Suez.

Compagnie du Canal — Quatre-vingt-treize Coupon. — No. — Echéant le 1 Juillet 1905. — Maritime de Suez.

BACK.

[*Extract of Bye-laws in Turkish.*]

Allgemeine Gesellschaft des Seeschifffahrts-Canals von Suez

Kapital 200,000,000 Franken

Actie von 500 Franken auf Inhaber

Jede Actie gibt Anrecht:

1. Auf den Besitz eines Vierhunderttausendstel's vom Gesellschaftsvermögen; 2. Auf einen jährlichen Zins von 5 %, zahlbar in halbjährigen Raten am 1sten Januar und 1sten Juli; 3. Auf eine jährliche Dividende, zahlbar am 1sten Juli.

Auszug aus den Statuten:

Die Actien müssen von zwei Administratoren oder von einem Administrator und einem Bevollmächtigten gezeichnet und mit dem Stempel der Gesellschaft versehen sein. Die Actien sind untheilbar. Die Gesellschaft erkennt nur einen Inhaber für jede Actie an. Die Inhaberschaft einer Actie zieht die Zustimmung zu den Statuten der Gesellschaft und zu den Beschlüssen der General-Versammlung der Actionnäre nach sich. Die Heimzahlung der Actien erfolgt *al pari* in einem Zeitraume von 99 Jahren; die Bestimmung der rückzuzahlenden Actien geschieht durch jährliche Ziehungen. Die heimgezahlten Actien behalten das Anrecht auf die Dividende.

SUEZ MARITIME CANAL

UNIVERSAL COMPANY

CAPITAL: 200,000,000 FRANCS

Share of 500 Francs to Bearer

Every Share gives a right:

1. To the four hundred-thousandth part of the joint property;—2. To an annual interest of 5 per cent. payable every six months, viz.: on the 1st of January and the 1st of July;—3. To an annual dividend, payable on the 1st of July.

Extracts of the By-Laws.

The shares shall be signed by two directors or by one director and a delegate, and impressed with the stamp of the Company.—The shares are undividable. The Company recognizes but one owner to each share.—The possession of a share implies adhesion to the by-laws of the Company and to the resolutions adopted by the general meeting of shareholders.—The shares shall be redeemed at par in 99 years and paid off by annual lottery.—The shares redeemed remain entitled to the dividends.

COMPAGNIA UNIVERSALE DEL CANALE MARITTIMO DI SUEZ

Capitale: 200,000,000 di Franchi

Azione di 500 Fr. al Portatore

Ciascuna azione da diritto:

1° Alla proprietà di una quattrocentomillesima parte dell' attivo sociale;—2° All' interesse annuo del 5 o/o, esigibile semestralmente il 1° Gennaio e il 1° Luglio di ogni anno;—3° A un dividendo annuo, esigibile il 1° Luglio.

Estratto degli Statuti

Le azioni debbono essere firmate da due amministratori, o da un amministratore e da un delegato, e portare il marchio del bollo a secco della Compagnia.—Le azioni sono indivisibili. La Compagnia non riconosce che un solo proprietario per ciascuna azione.—Il possesso d'un' azione implica adesione agli statuti della Compagnia e alle deliberazioni dell' assemblea generale degli azionisti.—Le azioni sono ammortizzate alla pari in 99 anni, e rimborsate con annua estrazione.—Le azioni ammortizzate conservano il diritto ai dividendi.

EXTRAIT DES STATUTS.

Les actions doivent être signées par deux administrateurs ou par un administrateur et un délégué, et être frappées du timbre sec de la Compagnie.—Les actions sont indivisibles. La Compagnie ne reconnaît qu'un seul propriétaire pour chaque action.—La possession d'une action emporte adhésion aux statuts de la Compagnie et aux décisions de l'assemblée générale des actionnaires.—Les actions sont amorties au pair en 99 ans, et remboursées par tirage annuel.—Les actions amorties conservent le droit au dividende.

II. PROMOTERS' SHARES.

FRONT.

COMPAGNIE UNIVERSELLE

DU

CANAL MARITIME DE SUEZ.

PART DE FONDATEUR N°.

TITRE AU PORTEUR.

EXTRAIT DES STATUTS.

Le présent Titre donne droit :

A une part d'un millième dans les **10 p. 0/0** attribués aux Fondateurs sur les Produits nets ou Bénéfices de l'Entreprise.

(*Articles* 63 *et* 70 *des Statuts.*)

EXTRAIT DES DÉCISIONS DU CONSEIL D'ADMINISTRATION.

Le Conseil d'Administration de la Compagnie,

Vu l'article 19 de l'Acte de concession et l'article 70 des Statuts, décide :

Les Titres spéciaux destinés à représenter les droits des Membres Fondateurs de l'Entreprise, seront divisés en mille parts.

Ces Titres seront analogues, pour la nature et la forme, à ceux qui représentent les droits des Actionnaires.

En conséquence, ils seront au porteur et pourront être déposés dans les caisses administratives de la Compagnie contre des Certificats nominatifs. (*Décisions du Conseil d'administration en dates des* 12 *février* 1859 *et* 8 *décembre* 1868.)

LE PRÉSIDENT-DIRECTEUR,
FERD. DE LESSEPS.

L'UN DES VICE-PRÉSIDENTS,
D'ALBUFERA.

BACK.

DIVIDENDES PAYÉS.

Case.	Case.	Case.	Case.	Case	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.
Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.	Case.

FRONT.

COMPAGNIE UNIVERSELLE

DU

CANAL MARITIME DE SUEZ

EMPRUNT DE CENT MILLIONS

Autorisé par l'Assemblée générale des Actionnaires du 1 août 1867.

GARANTI

Par la propriété du Canal maritime de Suez et de tout son matériel, par les revenus généraux de l'entreprise, par la valeur et le produit des terrains de la Compagnie.

OBLIGATION DE CINQ CENTS FRANCS AU PORTEUR

No._____

LE PORTEUR A DROIT:

1 A un intérêt semestriel de 12 fr. 50 c. payable les 1 avril and 1 octobre de chaque année.

2 Au remboursement du capital de 500 francs par voie de tirages trimestriels, d'après le tableau d'amortissement d'autre part.
Le tirage au sort s'opérera par série de 100 Obligations ou par fraction de série.

Un Administrateur, *Un Administrateur,*

CANAL MARITIME DE SUEZ.
Obligation No.
Coupon de 12 fr. 50 c.
échéant le 1 octobre 1892.

CANAL MARITIME DE SUEZ.
Obligation No.
Coupon de 12 fr. 50 c.
échéant de 1 avril 1892.

CANAL MARITIME DE SUEZ.
Obligation No.
Coupon de 12 fr. 50 c.
échéant le 1 octobre 1891.

BACK.

TABLEAU D'AMORTISSEMENT

Des 333,333 Obligations émises par la Compagnie universelle du Canal Maritime de Suez, le 26 septembre 1867, en exécution de la décision de l'Assemblée générale des Actionnaires du 1 août 1867.

EPOQUES du Remboursement.	NOMBRE d'obligations à amortir	EPOQUES du Remboursement.	NOMBRE d'obligations à amortir.	EPOQUES du Remboursement.	NOMBRE d'obligations à amortir.	EPOQUES du Remboursement.	NOMBRE d'obligations à amortir.	EPOQUES du Remboursement.	NOMBRE d'obligations à amortir.
1868 1 octobre ...	385	*Report*	20.316	*Report*	52.975	*Report*	106.492	*Report*	194.185
1869 1 janvier... ...	385	1879 1 janvier... ...	631	1889 1 janvier... ...	1 035	1899 1 janvier... ...	1.695	1909 1 janvier... ...	2.778
1 avril	395	1 avril	647	1 avril	1.060	1 avril	1.738	1 avril	2.847
1 juillet	395	1 juillet	648	1 juillet	1.061	1 juillet	1.738	1 juillet	2.848
1 octobre ...	405	1 octobre ...	663	1 octobre ...	1.087	1 octobre ...	1.781	1 octobre ...	2.918
1870 1 janvier... ...	405	1880 1 janvier... ...	663	1890 1 janvier... ...	1.087	1900 1 janvier... ...	1.781	1910 1 janvier... ...	2.919
1 avril	415	1 avril	680	1 avril	1.114	1 avril	1.825	1 avril	2 991
1 juillet	415	1 juillet	680	1 juillet	1.114	1 juillet	1.826	1 juillet	2.992
1 octobre ...	425	1 octobre ...	697	1 octobre ...	1.142	1 octobre ...	1.871	1 octobre ...	3.066
1871 1 janvier... ...	425	1881 1 janvier... ...	697	1891 1 janvier	1.142	1901 1 janvier... ...	1.871	1911 1 janvier... ...	3.066
1 avril	436	1 avril	714	1 avril	1.170	1 avril	1.918	1 avril	3.143
1 juillet	436	1 juillet	715	1 juillet	1.171	1 juillet	1.919	1 juillet	3 143
1 octobre ...	447	1 octobre ...	732	1 octobre ...	1.200	1 octobre ...	1 966	1 octobre ...	3.221
1872 1 janvier... ...	447	1882 1 janvier... ...	732	1892 1 janvier... ...	1.200	1902 1 janvier... ...	1.966	1912 1 janvier... ...	3.222
1 avril	458	1 avril	750	1 avril	1.229	1 avril	2.015	1 avril	3.302
1 juillet	458	1 juillet	751	1 juillet	1.230	1 juillet	2.015	1 juillet	3.302
1 octobre ...	469	1 octobre ...	769	1 octobre ...	1.260	1 octobre ...	2.065	1 octobre ...	3.385
1873 1 janvier... ...	470	1883 1 janvier... ...	770	1893 1 janvier... ...	1.261	1903 1 janvier... ...	2.066	1913 1 janvier... ...	3 385
1 avril	481	1 avril	788	1 avril	1 292	1 avril	2.117	1 avril	3.469
1 juillet	481	1 juillet	789	1 juillet	1.292	1 juillet	2.117	1 juillet	3.469
1 octobre ...	493	1 octobre ...	808	1 octobre ...	1.324	1 octobre ...	2.170	1 octobre ...	3.556
1874 1 janvier... ...	493	1884 1 janvier... ...	808	1894 1 janvier... ...	1.325	1904 1 janvier... ...	2.170	1914 1 janvier... ...	3.556
1 avril	506	1 avril	828	1 avril	1.357	1 avril	2.224	1 avril	3.644
1 juillet	506	1 juillet	829	1 juillet	1.358	1 juillet	2.225	1 juillet	3.645
1 octobre ...	518	1 octobre ...	849	1 october ...	1.391	1 octobre ...	2.280	1 octobre ...	3.736
1875 1 janvier... ...	518	1885 1 janvier... ...	849	1895 1 janvier..: ...	1.392	1905 1 janvier... ...	2.280	1915 1 janvier... ...	3.736
1 avril	531	1 avril	870	1 avril	1 426	1 avril	2.337	1 avril	3.829
1 juillet	531	1 juillet	871	1 juillet	1.426	1 juillet	2.337	1 juillet	3.830
1 octobre ...	544	1 octobre ...	892	1 octobre ...	1.462	1 octobre ...	2.395	1 octobre ...	3.925
1876 1 janvier... ...	545	1886 1 janvier... ...	892	1896 1 janvier... ...	1.462	1906 1 janvier... ...	2.396	1916 1 janvier... ...	3.925
1 avril	558	1 avril	914	1 avril	1.498	1 avril	2.455	1 avril	4.023
1 juillet	558	1 juillet	915	1 juillet	1.499	1 juillet	2.455	1 juillet	4.024
1 octobre ...	572	1 octobre ...	937	1 octobre ...	1.535	1 octobre ...	2.517	1 octobre ...	4.124
1877 1 janvier... ...	572	1887 1 janvier... ...	937	1897 1 janvier... ...	1.536	1907 1 janvier... ...	2.517	1917 1 janvier... ...	4.124
1 avril	586	1 avril	961	1 avril	1.574	1 avril	2.579	1 avril	4.226
1 juillet	587	1 juillet	961	1 juillet	1.575	1 juillet	2.580	1 juillet	4.227
1 octobre ...	601	1 octobre ...	984	1 octobre ...	1.613	1 octobre ...	2.644	1 octobre ...	4.332
1878 1 janvier... ...	601	1888 1 janvier... ...	985	1898 1 janvier... ...	1.614	1908 1 janvier... ...	2.644	1918 1 janvier	4.333
1 avril	616	1 avril	1.009	1 avril	1.654	1 avril	2.710	1 avril	4.443
1 juillet ..!	616	1 juillet	1.010	1 juillet	1.654	1 juillet	2.710	1 juillet ...	4.444
1 octobre ...	631	1 octobre ...	1.034	1 octobre ...	1.695	1 octobre ...	2.778	...	
A reporter ...	20.316	*A reporter* ...	52.975	*A reporter* ...	106.492	*A reporter* ...	194.185	TOTAL	333.333

IV. LOAN OF 1871.

FRONT.

COMPAGNIE UNIVERSELLE

DU

Canal Maritime de Suez

Délibération de l'Assemblée générale du 24 Août 1871.

EMISSION DE 200,000 BONS DE 125 FRANCS
REMBOURSABLES EN TRENTE ANS, PAR VOIE DE TIRAGES AU SORT ANNUELS
Conformément au Tableau d'amortissement dressé d'autre part.

———:o:———

LE PREMIER REMBOURSEMENT AURA LIEU LE 1 SEPTEMBRE 1873.

LES TIRAGES S'OPÉRERONT PAR SÉRIE DE 100 BONS OU FRACTIONS DE SÉRIE.

o:o:o

BON DE CENT VINGT-CINQ FRANCS

AU PORTEUR.

No. _____

Le Porteur a droit à un Intérêt semestriel de Quatre francs payable le 1 Mars et le 1 Septembre de chaque année.

UN ADMINISTRATEUR,
EMILE GUILLAUME.

UN ADMINISTRATEUR,
V. DELAMALLE.

CANAL MARITIME DE SUEZ
Bon No.
Coupon de 4 fr. échéant le 1 septembre 1897.

CANAL MARITIME DE SUEZ
Bon No.
Coupon de 4 fr. échéant le 1 septembre 1899.

CANAL MARITIME DE SUEZ
Bon No.
Coupon de 4 fr. échéant le 1 septembre 1901.

BACK.

TABLEAU D'AMORTISSEMENT

DES 200,000 BONS TRENTENAIRES ÉMIS PAR LA COMPAGNIE UNIVERSELLE DU CANAL MARITIME DE SUEZ, LE 9 SEPTEMBRE 1871, EN EXÉCUTION DE LA DÉCISION DE L'ASSEMBLÉE GÉNÉRALE DES ACTIONNAIRES DU 24 AOUT 1871.

ÉPOQUES de REMBOURSEMENT.	NOMBRE DE BONS à amortir.	ÉPOQUES de REMBOURSEMENT.	NOMBRE DE BONS à amortir.	ÉPOQUES de REMBOURSEMENT.	NOMBRE DE BONS à amortir.
1873 1 septembre.	2,537	*Report*	38,803	*Report*	106,243
1874 —	2,700	1884 1 septembre.	5,021	1894 1 septembre.	9,337
1875 —	2,873	1885 —	5,343	1895 —	9,935
1876 —	3,057	1886 —	5,684	1896 —	10,571
1877 —	3,253	1887 —	6,049	1897 —	11,247
1878 —	3,460	1888 —	6,435	1898 —	11,967
1879 —	3,682	1889 —	6,847	1899 —	12,733
1880 —	3,948	1890 —	7,286	1900 —	13,548
1881 —	4,169	1891 —	7,751	1901 —	14,419
1882 —	4,435	1892 —	8,248	,, ,,	,, ,,
1883 —	4,719	1893 —	8,776	,, ,,	,, ,,
A reporter ..	38,803	*A reporter* ..	106,243	TOTAL	200,000

V. CONSOLIDATED ARREARS OF INTEREST.

FRONT.

COMPAGNIE UNIVERSELLE

DU

CANAL MARITIME DE SUEZ

COUPONS CONSOLIDÉS D'INTÉRÊTS ARRIÉRÉS D'ACTIONS

En vertu de la délibération de l'Assemblée générale du 2 Juin 1874,

il est créé 400,000 Titres de 85 francs en représentation des Sept Coupons d'intérêts arriérés Nos. 25, 26, 27, 28, 29, 30, 31

échus sur les 400,000 Actions du 1 Juillet 1871 au 1 Juillet 1874 inclusivement.

Titre de Quatre-Vingt-Cinq-Francs

AU PORTEUR

*No.*_____

Ce titre est productif d'un intérêt annuel de **4** fr. **25**, payable le 15 novembre de chaque année, sous déduction des impôts.

Il est délivré jouissance du 15 novembre 1874, et est remboursable en 40 ans, à partir de l'année 1882, par voie de tirages au sort annuels.

Les tirages s'opéreront par série de 100 titres ou fractions de série.

L'intérêt et l'amortissement seront acquittés sur les produits disponibles après le paiement des charges prévues aux paragraphes 1 et 2 de l'article 62 des Statuts.

Extrait de l'Article 62 des Statuts.—Les produits annuels de l'entreprise servent d'abord a acquitter dans l'ordre ci-apres :

§ I.—Les depenses d'entretien et d'exploitation, les frais d'administration, et generalement toutes les charges sociales ;

§ II.—L'interet et l'amortissement des emprunts qui peuvent avoir ete contractes.

UN ADMINISTRATEUR,
L. A. NOURY.

UN ADMINISTRATEUR,
SULLERY.

CANAL MARITIME DE SUEZ.	CANAL MARITIME DE SUEZ.	CANAL MARITIME DE SUEZ.
Coupons consolidés d'intérêts arriérés d'actions.	*Coupons consolidés d'interêts arriérés d'actions.*	*Coupons consolidés d'interêts arriérés d'actions.*
TITRE No.	TITRE No.	TITRE No.
Coupon de 4 fr. 25 echeant le 15 novembre 1921.	Coupon de 4 fr. 25 echeant le 15 novembre 1920.	Coupon de 4 fr. 25 echeant le 15 novembre 1919.

BACK.

Coupons Consolidés d'Intérêts Arriérés d'Actions

TITRE DE QUATRE-VINGT-CINQ-FRANCS

AU PORTEUR.

Ce titre est productif d'un intérêt annuel de fr. **25**, payable le 15 novembre de chaque année sous déduction des impôts.

Il est délivré jouissance du 15 novembre 1874, et est remboursable en 40 ans, à partir de l'année 1882, par voie de tirages au sort annuels.

Les tirages s'opéreront par série de 100 titres ou fractions de série.

L'intérêt et l'amortissement seront acquittés sur les produits disponibles après le paiement des charges prévues aux paragraphes 1 et 2 de l'article 62 des Statuts.

Extrait de l'Article 62 des Statuts.—Les produits annuels de l'entreprise servent d'abord a acquitter dans l'ordre ci-apres :

§ I.—Les depenses d'entretien et d'exploitation, les frais d'administration et generalement toutes les charges sociales ;

§ II.—L'interet et l'amortissement des emprunts qui peuvent avoir ete contractes.

FRONT.

Compagnie Universelle du Canal Maritime de Suez

DÉLÉGATION DE COUPONS D'ACTIONS

DE LA COMPAGNIE UNIVERSELLE DU CANAL MARITIME DE SUEZ

Ces Coupons, au nombre de 8,830,100, proviennent de 176,602 Actions appartenant au Gouvernement Egyptien; ils en ont été détachés et remis à ladite Compagnie en paiement de TRENTE MILLIONS de francs, suivant Conventions en dates des 23 avril et 14 juillet 1869.

TITRE AU PORTEUR NO.

Ce titre fait partie d'une Emission de 120,000 Délégations qui ont droit pendant 25 ans aux Produits annuels afférents aux 176,602 Actions appartenant au Gouvernement Egyptien, et portant les Nos. 223,399 à 400,000, soit aux 2/5es environ des Revenus du Canal.

Il donne droit pendant 25 ans à un 120,000e des Revenus acquis à ces 176,602 Actions.

Les Produits réalisés seront répartis comme suit, savoir:

1o Sous le titre d'INTÉRETS, jusqu'à concurrence de 25 francs par chaque Délégation;

2o Sous le titre d'AMORTISSEMENT, au moyen d'un remboursement à 500 francs par Délégation, calculé conformément aux usages;

3o Sous le titre de RÉPARTITION COMPLÉMENTAIRE OU DE DIVIDENDE, par le paiement de tout le surplus du Revenu acquis aux 176,602 Actions.

Ces Distributions de Produits auront lieu, par semestre, les 1 janvier et 1 juillet de chaque année, par les soins et dans les Bureaux de la Compagnie universelle du Canal maritime de Suez.

UN ADMINISTRATEUR
de la Compagnie universelle du Canal maritime de Suez
GULBERS.

UN ADMINISTRATEUR
de la Compagnie universelle du Canal maritime de Suez
CORBIER.

DELEGATION DE COUPONS D'ACTIONS DU CANAL MARITIME DE SUEZ. No. Coupon, Echéant le 1 juillet 1893.	DELEGATION DE COUPONS D'ACTIONS DU CANAL MARITIME DE SUEZ. No. Coupon, Echéant le 1 janvier 1894.	DELEGATION DE COUPONS D'ACTIONS DU CANAL MARITIME DE SUEZ. No. Coupon, Echéant le 1 juillet 1894.

BACK.

Ce Titre fait partie d'une Emission de 120,000 Délégations qui ont droit pendant 25 ans aux Produits annuels afférents aux 176,602 Actions appartenant au Gouvernement Egyptien, et portant les Nos. 223,399 à 400,000, soit aux 2/5es environ des Revenus du Canal.

Il donne droit pendant 25 ans à un 120,000e des Revenus acquis à ces 176,602 Actions.

LES PRODUITS RÉALISÉS SERONT RÉPARTIS COMME SUIT, SAVOIR:

1o **Sous le titre d'Intérêts,** jusqu'à concurrence de 25 francs par chaque Délégation;

2o **Sous le titre d'Amortissement,** au moyen d'un Remboursement à 500 francs par Délégation, calculé conformément aux usages;

3o **Sous le titre de Répartition complémentaire ou de Dividende,** par le paiement de tout le surplus du Revenu acquis aux 176,602 Actions.

Ces distributions de Produits auront lieu par semestre, les 1 janvier et 1 juillet de chaque année, par les soins et dans les bureaux de la Compagnie universelle du Canal maritime de Suez.

Au fur et à mesure des amortissements, il sera remis en échange des Titres remboursés, de nouveaux Titres de jouissance qui profiteront jusqu'à l'expiration des 25 années (1 juillet 1894) de la répartition complémentaire énoncée au paragraphe ci-dessus.

Les numéros des Titres désignés par le sort pour être remboursés seront publiés dans deux journaux de Paris, avec l'indication du joir du remboursement.

Ces Titres étant la représentation d'une négociation particulière ayant eu pour objet l'acquisition à forfait du Revenu des Coupons des 176,602 Actions du Gouvernement Egyptien, pendant les 25 années à courir du 1 juillet 1869 au 30 juin 1894, ne confèrent pas le droit d'assister aux Assemblées générales de la Compagnie universelle du Canal maritime de Suez.

Les chiffres des répartitions à faire entre les 120,000 Titres de délégation résulteront donc des Produits arrêtés et votés par les Assemblées générales des Actionnaires de la Compagnie universelle du Canal maritime de Suez, au profit des 400,000 Actions qui représentent le capital social et dont font partie les 176,602 Actions du Gouvernement Egyptien, sous la déduction toutefois des frais afférents tout spécialement aux 120,000 Délégations, tels que: impôts de timbre et de transmission et frais de distribution des Produits réalisés.

Le porteur du présent Titre se trouve par le seul fait de sa possession entièrement substitué à la Compagnie universelle du Canal maritime de Suez dans les effets de la cession des Coupons consentie directement à son profit, aux termes des conventions précitées des 25 avril et 14 juillet 1869.

EGYPT. No. 1 (1876).

CORRESPONDENCE respecting the Purchase by Her Majesty's Government of the Suez Canal Shares belonging to the Egyptian Government.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

EGYPT. No. 2 (1876).

CORRESPONDENCE

RESPECTING THE

SUEZ CANAL.

(In continuation of Papers presented to Parliament in 1874: "Commercial No. 19.")

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1392.] *Price* 1*s.* 10*d.*

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Correspondence respecting the Suez Canal.

(In continuation of Papers presented to Parliament in 1874: "Commercial No. 19.")

No. 1.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, July 2, 1874.*

HER Majesty's Government have had under their consideration, in communication with the Law Officers of the Crown, your request for instructions as to the Court before which proceedings instituted against the Suez Canal Company on account of overcharges should be heard; and I now have to inform you that the Suez Canal Company being an Egyptian Company, as M. de Lesseps admits in Article XVI of the Convention of the 22nd February, 1866, all proceedings against the Company must be taken in that Court, whether the Mixed Commercial Tribunal of Alexandria, or the Civil Courts of the country, which would have jurisdiction over the cases if the suit were brought against an Egyptian subject.

In the particular case referred to in your despatch, that of "overcharges," Her Majesty's Government are of opinion that the Civil Court is the right Court.

Should there be any difficulty in procuring the intervention of that Court, I have to instruct you to report to me wherein that difficulty lies, and the means which your local experience may suggest for getting over the difficulty.

I am, &c.
(Signed) DERBY.

No. 2.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, July 2, 1874.*

THE attention of Her Majesty's Government has been called to the fact that the Suez Canal Company, in applying the new Tariff, according to the recommendations of the International Commission, insist upon measuring the vessels passing through the Canal instead of accepting the ship's registers as a basis for the calculation of the dues.

As the above proceeding has given rise to protests on the part of British shipping using the Canal, I have to request that your Excellency will represent the same to the Porte as being clearly opposed to the terms of the arrangement under which the surtax is levied, and to the principles laid down by the International Commission, and formally adopted by the Porte.

Articles 1, 2 and 3 of the arrangement distinctly specify the course to be pursued with respect to vessels measured according to the Moorsom rule. The tax and surtax

shall, under these provisions, be levied on the net register tonnage, differing according to the section of clause 23 of the Merchant Shipping Act of 1854 under which they have been measured. Article 4 provides what is to be done with vessels measured under other than the Moorsom system.

All of these provisions apply only to the examination of the ship's papers, and to calculations to be deduced from them, no measurement of the Company being provided for.

The principles laid down by the Commission, which are part and parcel of their Report, containing the special arrangement for the Suez Canal, are entirely opposed to this proceeding of the Canal Company.

The Report says, in its 6th paragraph, "the fixing of tonnage appertains in every country to the Sovereign Power, as one of the attributes of public authority;" and section 2 of the considerations submitted to the Powers runs as follows:—

"This Certificate of Registry, delivered by the competent Government authority, shall be officially recognized in every country as the true basis for the application of ship's dues and taxes. These dues and taxes shall be invariably applied to the net tonnage of a ship."

The Viceregal letter of the 11th of January formally adopts these principles, for it says decisively:—

"Toutes les questions relatives au tonnage ont été résolues de manière à faire disparaître dans l'avenir toute incertitude d'interprétation et toute objection.

"Indépendamment du règlement de ces points, règlement qui fixe la base du droit de péage à percevoir par la Compagnie du Canal de Suez . . . . . dans tous les cas il est essentiel que les droits soient perçus sur la base du net tonnage."

By forcing every vessel, then, to undergo a fresh measurement the Company is running counter to the terms of the arrangement, and to the orders of the Sultan. M. de Lesseps is thus practically maintaining his principle that the Company has the right to determine the tonnage of each ship. But this principle is directly opposed to that above quoted, that the Sovereign Power in each country is alone competent to decide this point, and that the papers given by its properly appointed agents shall be everywhere received without dispute.

Independently of the needless and illegal delay thus imposed upon every ship which passes through the Canal, an important general principle is contravened by the Company. I have accordingly to request that your Excellency will state to the Turkish Government that, in the opinion of Her Majesty's Government, the essence of the recommendations made by the International Commission and adopted by the Porte is, that a ship's papers alone are to furnish the data from which the tolls due by her are to be collected; and that it is desirable to hold the Company to the strict fulfilment of the arrangement sanctioned by the Sublime Porte, and to require that the measurement of vessels by the Company should cease.

In reference to this matter, I inclose a copy of the Instructions to Measuring Surveyors, which the Board of Trade have caused to be prepared, on the subject of the admeasurement of British vessels navigating the Suez Canal; and I have to request that, in communicating the same to the Government of the Porte, you will direct their attention to the Special Tonnage Certificate printed on pages 20, 21, and 22.

I am, &c.

(Signed) DERBY.

No. 3.

Lord Lyons to the Earl of Derby.—(Received July 13.)

My Lord, *Paris, July 11, 1874.*

M. DE LESSEPS has just called upon me, and has begged me to make known to your Lordship his own personal views with regard to the present state of the questions relative to the Suez Canal.

These views, stated shortly, appear to be:—

That the sale of the Canal by the present Company is entirely out of the question;

That some means of raising a larger revenue than is now received must be found;

That the Company might resort to a "droit de stationnement" for vessels at Port Saïd, which would be warranted by the terms of their Concession, but which would be

objectionable, inasmuch as it would have the appearance of being an indirect mode of arriving at a result which was not attainable by direct means

That it would be very desirable to make a settlement which would put an end to all further disputes;

That, for this purpose, a fair settlement would be, 1st, that no difficulty should be made to allowing the Company to raise the 1 fr. granted by the Porte some years ago, to enable it to contract a loan; and, 2ndly, that the surtax granted by the International Commission should be maintained for ten years, and should be then, without reference to the amount of the traffic through the Canal, reduced 50 c. a-year, by which means it would come to an end altogether in six years.

M. de Lesseps observed that probably the most simple plan would be to add the 1 fr. previously granted by the Porte to the surtax granted by the Commission, and then, after the ten years, to reduce both together at the rate of 50 c. a-year; or, he said, the 1 fr. might cease as soon as the loan, with regard to which it had been granted, should be paid off.

M. de Lesseps added that he was very anxious to know as soon as possible the opinion of Her Majesty's Government with regard to these terms for finally settling the whole question of the Canal. It depended, he observed, entirely upon Her Majesty's Government whether or not they were adopted. If Her Majesty's Government did not oppose them at Constantinople, he should be able to obtain the consent of the Porte and the Khedive without any difficulty. He wished to settle the whole question in a friendly manner, satisfactory and fair to all parties, and not to be driven, by the necessity of keeping the enterprise alive, to resort to the extreme measures, such as the "droit de stationnement," which his Concession allowed.

While asking Her Majesty's Government to express an opinion on these terms, M. de Lesseps was, nevertheless, careful to establish the fact that they were only views of his own, which could not impose any binding obligation on the Company, until they have been submitted to the shareholders, and approved by them.

I have thought it better to repeat M. de Lesseps' terms, as nearly as my memory would allow, in the manner in which he himself stated them, and not to take into account any previous knowledge I myself may have had of the subjects, or of the merits of his allegations.

His object appeared to be to ascertain, as soon as possible, whether or no Her Majesty's Government would use its influence to prevent the Porte acceding to the terms.

I did not enter into any discussion with him, but thinking it advisable that Her Majesty's Government should at least be made acquainted with the proposals he is likely to make at Constantinople, I did not hesitate to engage to report to your Lordship what he had said.

I have, &c.
(Signed) LYONS.

No. 4.

Major-General Stanton to the Earl of Derby.—(*Received July* 27.)

My Lord, *Alexandria, July* 15, 1874.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 2nd instant, conveying the instructions of Her Majesty's Government as to the Courts before which proceedings instituted against the Suez Canal Company should be heard, and I beg to inform your Lordship that I have communicated a copy of these instructions to Her Majesty's Consuls at Alexandria and Suez, and Vice-Consul at Port Saïd, for their information and guidance.

I beg also to inform your Lordship that I have had some conversation on this subject with Chérif Pasha, Minister of Justice in this country, who states that the Mixed Commercial Tribunal of Alexandria is the Court before which such cases of "overcharges" as those referred to in my despatch of the 23rd of May last, would have to be brought until the institution of the proposed new Tribunals.

I do not anticipate any difficulty in procuring the intervention of that Court, though it is probable the Suez Canal Company will contest its competence, and judgment may have to be given in default: the real difficulty to be apprehended in the matter lies in the fact that the Court has no power to insure the execution of its

judgments, and as there is every reason to believe that the Suez Canal Company would ignore any decision given against it by the Court in question, and would resist any attempt at execution on the part of the local executive power, the direct intervention of the Egyptian Government would probably be required in every case to carry out the judgment and to ensure proper respect being paid by the Canal Company to the decisions of the local judicial authority.

It may, I think, be assumed that, under diplomatic pressure, the Egyptian Government would enforce these decisions, but I need not point out to your Lordship the difficulties that would be placed in their way by M. de Lesseps, and the probabilities that the jealousy of the Porte or other Powers would raise objections to any efficient steps being taken by this Government to treat the Canal Company as a purely Egyptian body.

I have, &c.
(Signed) EDWD. STANTON.

No. 5.

Sir H. Elliot to the Earl of Derby.—(Received August 2.)

My Lord, *Therapia, July 22, 1874.*

YOUR Lordship's despatch of the 7th instant,* containing the views of Her Majesty's Government upon the protest of M. de Lesseps against the course that had been pursued towards the Suez Canal Company, has been embodied in an official note, and forwarded to the Porte.

I have, &c.
(Signed) HENRY ELLIOT.

No. 6.

Sir H. Elliot to the Earl of Derby.—(Received August 2.)

My Lord, *Therapia, July 22, 1874.*

I HAVE forwarded to the Porte an official note, which is the exact transcript of your Lordship's despatch of the 2nd instant,† respecting the persistence of the Suez Canal Company in measuring the ships passing through it, instead of adhering strictly to the terms of the arrangement laid down by the International Commission, and adopted by the Porte, according to which the ships' registers should be taken as a basis for the calculation of the dues.

I have, &c.
(Signed) HENRY ELLIOT.

No. 7.

The Earl of Derby to Sir H. Elliot.

(Extract.) *Foreign Office, August 3, 1874.*

THE following observations will place your Excellency in possession of the views of Her Majesty's Government with respect to Lord Lyons' conversation with M. de Lesseps on the Suez Canal question, as reported in his Excellency's despatch of the 11th ultimo.

It seems obvious that some steps are needed in order to maintain and improve the navigation of the Canal. Her Majesty's Government think it very desirable to come to an amicable settlement with M. de Lesseps on this subject, and they also think that whatever measures are adopted for the purpose of raising the requisite funds must be taken by and through the Porte, acting in concert and consultation with the Maritime Powers.

If this latter point is insisted on, and if, in so doing, the authority of the Porte is fully and unreservedly admitted by M. de Lesseps, such admission would, in the opinion of Her Majesty's Government, render any actual retractation of his former protests

* See Papers presented to Parliament, "Commercial No. 19 (1874)," page 163. † See No. 1.

unnecessary; and in that case it appears to them that it would be undesirable to demand such a retractation.

But it should be made quite clear in any dealing with M. de Lesseps that the authority of the Porte is fully maintained; that the perfect loyalty and good faith of Her Majesty's Government in its past dealings, both towards the Company and towards the shipowners, are strictly upheld; and that no admission is made by Her Majesty's Government which could throw the least doubt on the loyalty and propriety of what has been already settled by the Porte through the medium of the International Commission.

The first point now to be determined is what is really required in order to maintain the navigation of the Canal. It would seem that certain works are needed in the Canal itself, but the serious danger is that of the silting-up of the Mediterranean entrance.

It would further seem that the engineers of the Canal have not sufficiently appreciated this danger; or at any rate, that their proposed remedies are inadequate. It will therefore probably be desirable to call M. de Lesseps' special attention to this point, and to say to him that, before listening to any proposals for increase of taxation, or advising the Porte to listen to any such proposals, Her Majesty's Government think it absolutely necessary for the Company to state in the most distinct terms what are the necessities or dangers against which they desire to provide, what are the specific works which they propose, and what is the estimated cost of such works. With these proposals before them, it will be competent for Her Majesty's Government, as well as for the Porte and the other Maritime Powers, to consider whether the works proposed are requisite and sufficient, and in what manner the necessary funds can best be raised.

The above proposals ought, in the opinion of Her Majesty's Government, to be submitted by the Company to the Porte, who should then refer them to the Maritime Powers.

No. 8.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, August* 5, 1874.

HER Majesty's Government approve the note addressed by your Excellency to the Porte, as reported in your despatch of the 22nd ultimo,* relative to M. de Lesseps' protest against the course adopted towards the Suez Canal Company.

I am, &c.
(Signed) DERBY.

No. 9.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, August* 5, 1874.

HER Majesty's Government approve the note addressed by your Excellency to the Porte, as reported in your despatch of the 22nd ultimo,† relative to the persistence of the Suez Canal Company in measuring ships passing through the Canal instead of taking the ships' registers as the basis for calculating the dues.

I am, &c.
(Signed) DERBY.

No. 10.

Mr. Gray to Lord Tenterden.—(Received August 11.)

My Lord, *Board of Trade, Whitehall Gardens, August* 10, 1874.

I AM directed by the Board of Trade to transmit to you the accompanying copy of a letter and inclosure from the Peninsular and Oriental Steam Navigation Company, with respect to the remeasurement at Port Saïd, by the officers of the Suez Canal, of that Company's steam-ship "Pekin," and the addition thereupon to her tonnage of

* No. 5. † No. 6.

30$\frac{14}{100}$ tons, being the contents of the accommodation set aside for and actually used by the purser and surgeon, and the mess-rooms and bath-rooms used, not by passengers, but by the officers and engineers.

In laying these documents before Lord Derby, I am to request that you will be good enough to submit the following observations upon the points raised by the Peninsular and Oriental Company, for his Lordship's consideration.

In the first place, the Board of Trade are advised that according to the principles laid down, and the rules recommended by the International Tonnage Commission (all of which principles and rules have been formally accepted and adopted by the Sublime Porte, and ordered to be applied in the Suez Canal), the Suez Canal officers have no right to remeasure ships passing through the Canal, which are provided with regular papers from the Government authorities of the country whose flag they carry, such measurements being entirely opposed to the recommendations of the Commission and the distinct orders of the Ottoman Government.

In the second place, even if the Canal officers had the right to criticize these legally furnished papers with a view to ascertain whether the measurements for gross register tonnage comprise all spaces agreed upon at Constantinople as belonging to gross tonnage, and whether the deductions for net tonnage are in conformity with the rules of the International Commission, the Board of Trade are advised that those officers are entirely wrong in their criticism on the deductions for the berthing and accommodation of the officers and crew of the ship, of whom the purser and surgeon form part, and that the officers of the Company have no right or power to add to the net register tonnage any of the spaces so deducted. The ship-owners are by law compelled to carry a surgeon for the crew in these cases, and the purser's duties are duties connected with the whole ship, and not exclusively duties connected with the passengers. The surgeon and purser are therefore unquestionably included among the officers of the ship, for whose accommodation deductions are to be made as referred to in Sub-Section 2 of Section 6 quoted by M. Daubrée, and are not the same as, and cannot be included with, the stewards, waiters, &c. ("gens de service"), embarked for the service of the passengers, for whose accommodation deductions are not allowed to be made from the tonnage.

As regards the accommodation contained in the mess-room and bath-room of those members of the crew who are known as officers (viz., the mates and engineers), the Board of Trade are equally advised that the contents of that accommodation are properly deducted from the gross register tonnage by the measuring officers in this country, and should not be added to the net register tonnage by the officers of the Canal Company.

With reference to the practical aspect of the whole of these deductions, I am, however, to inclose a copy of a Memorandum drawn up at this Board's request by their principal Surveyor for Tonnage.

Under these circumstances, the Board of Trade have no doubt that the spaces in question ought to be deducted from the gross tonnage of the vessel under the Suez Canal Regulations; and, more than this, they would strongly contest the right of the Suez Canal authorities to question in any way the tonnage stated in the certificates issued by this Board, although those officers have no doubt the right to ascertain whether the cargo is carried in exempted spaces. The right to question the national certificates of admeasurement is one thing, and is a right that the Board of Trade can in no way admit that the Company possess; the right to ascertain whether cargo, &c., is carried in any crew or navigation space, or in any engine and boiler space as measured, including screw-funnels, is another and a different thing, and is a right the officers of the Company undoubtedly do possess, with a view to adding to the net register tonnage the whole of such spaces in which cargo, &c., may be found.

I am, therefore, to request that you will be good enough to suggest to Lord Derby, that, with a view to prevent the recurrence of cases similar to those complained of by the Peninsular and Oriental Company, a very strong remonstrance should be addressed to the Ottoman Government upon the subject.

I have, &c.

(Signed) THOMAS GRAY.

Inclosure 1 in No. 10.

Mr. Bethune to Mr. Gray.

Peninsular and Oriental Steam Navigation Company,
Offices, 122, Leadenhall Street, London,
July 16, 1874.

Sir,

I HAVE the honour to submit to you that this Company's steam-ship "Pekin" was lately measured in London by the officers of your Department and a certificate granted showing that the tonnage upon which the Suez Canal dues were to be levied was $2{,}156\frac{54}{100}$; but upon her first arrival at Port Saïd, the representatives of the Canal Company there insisted upon remeasuring her, and added to her tonnage $30\frac{14}{100}$ tons, upon which the dues were paid under protest. This addition to the tonnage appears from the inclosed extract from a letter from the agent of the Canal Company to be arrived at by refusing to include in the allowance for crew-space the cabins of the surgeon and purser, and the engineers' mess-room; but it is unnecessary to point out that the contention of M. Daubrée that the two former are carried for the service of the passengers cannot be sustained, as the crew of the "Pekin" numbering more than 100 she is obliged by law to carry a surgeon, and the purser has duties in connection with the cargo and the crew as well as with the passengers. It may be mentioned that in each case these spaces were marked as "crew-space" in the customary manner.

The Directors understand that the "Khedive," which followed the "Pekin" from England, was also remeasured, and similar additions made to her tonnage, and as the same question will no doubt arise in the case of the other steamers of the Company measured in London, the matter becomes one of considerable importance; and I am, therefore, respectfully to ask that your Department will take such steps in it as may be considered advisable.

I am, &c.
(Signed) A. M. BETHUNE, *Secretary.*

Inclosure 2 in No. 10.

M. Daubrée to Captain Roberts.

(Extrait.) *Alexandria, le 27 Juin,* 1874.

LES allocations pour équipage d'après notre mesurage sont les $156\frac{67}{100}$ tonnes au lieu de $186\frac{81}{100}$ tonnes, chiffre accusé par le certificat du "Pekin," soit une différence de $30\frac{14}{100}$ tonnes.

Cette différence provient de ce que le "Board of Trade" n'interprète pas comme nous la page 6 de l'Annexe 1 au Procès-verbal 21 relatif aux déductions générales, et non content de comprendre parmi les officiers de l'équipage le docteur et le commissaire, qui doivent rentrer dans la catégorie des personnes embarquées pour le service des passagers, ajoute aux allocations pour équipage, les "mess-room" et salles des bains pour officiers et mécaniciens, lorsque le texte ne désigne d'une façon très precise que les cabines, cuisines, et latrines, à l'usage exclusif de l'équipage et des officiers, et ne parle en dehors de ces espaces que de ceux destinés à la manœuvre du navire.

(Translation.)

(Extract.) *Alexandria, June* 27, 1874.

THE allowances for crew space, according to our measurement, amount to $157\frac{67}{100}$ tons instead of $186\frac{81}{100}$ tons, as stated on the certificate of the "Pekin," that is to say, a difference of $30\frac{14}{100}$ tons.

This difference arises from the fact that the Board of Trade do not interpret as we do page 6 of Appendix I to the 21st Procès-Verbal relative to general deductions; for, not content with numbering amongst the ship's officers the doctor and purser, who ought to come into the category of persons taken on board for the service of the passengers, they include, in the allowance for crew space, the mess and bath rooms for the officers and engineers, when the text most distinctly only specifies the cabins, kitchens, and water-closets exclusively used by the crew and the officers, and, besides those spaces, only mentions those required for the management of the vessel.

Inclosure 3 in No. 10.

Memorandum.

I THINK the spaces in question are rightly included in the deductions from tonnage under the rules of the Commission. The Commission in their Report say :— "In discussing and fixing the rules of measurement annexed to this Report, the Commission has been guided by the following considerations :—

As regards general deductions, Section 6, Appendix A: "General deductions refer to the accommodation of the crew (stewards and passengers' servants are not to be considered as part of the crew);" (*b*) to Officers' cabins (the Captain's not included therein).

Regulations, Appendix B, Article 12, state, "the spaces exclusively and entirely occupied by the crew and the ship's officers" are to be deducted.

The spaces occupied by the surgeon and purser come, I think, under the head of officers' spaces. Persons of these classes are officers in the Royal Navy, and may, I think, be fairly considered to hold that rank in the Mercantile Marine. The only exception in the case of officers' spaces is that occupied by the Captain; no other spaces mentioned. It was doubtless known to the Commission that officers of the above rank were carried in many ships; and I cannot but think that if spaces occupied by them were to have been excepted, it would have been so expressed in the directions with that of the Captain. The Surgeon is carried in this ship under Section 230 of the Merchant Shipping Act, 1854. The spaces being so occupied cannot be used for earning freight more than the spaces occupied by the other officers.

As regards the mess-room and bath-room for officers (Engineers being officers), the regulations as above mentioned state, spaces exclusively and entirely occupied by the crew and officers. These spaces are exclusively set apart for the officers, and are so abelled, and are not used by passengers. The penalty in case of being used by passengers is that the whole deduction ceases.

Again, the Regulations, Appendix B, N. B. 3, say, "Closed spaces for the use or possible use of passengers will not be deducted from the gross tonnage :" the inference being, I think, clear, that spaces appropriated as above, there being no express directions to the contrary, as in the case of stewards, passengers, servants, and captain, are to be deducted from the tonnage.

(Signed) W. MOORE.

August 1, 1874.

No. 11.

The Earl of Derby to Sir H. Elliot.

(Extract.) *Foreign Office, August* 17, 1874.

HER Majesty's Government have had under their consideration the illegality of the dues levied by the Suez Canal Company upon the despatch-vessels "Prompt" and "Hasty;" and I now proceed to indicate to your Excellency the manner in which this question presents itself to Her Majesty's Government.

It appears to them that it would be difficult for the Porte to avoid pronouncing that paragraphs 12 to 14 of Article 13 of the Company's Regulations are in excess of the powers granted by the Concession, and that the Company, therefore, enact an illegal toll.

A simple interpretation given to Her Majesty's Government could, it appears to them, lead to no practical result, as they would be powerless to act upon such a declaration.

The means already exist by which the Porte can enforce its authority, through the medium of their Commissioner in Egypt, whose duty it is to watch the proceedings of the Company, and to ensure that the conditions of the Concession and Firman are complied with; and seeing that the Ottoman Government has assumed a certain responsibility for the Suez Canal, Her Majesty's Government are scarcely prepared to admit that such responsibility can be repudiated so long as the Canal remains under its present form of administration.

The constraining authority of the Sublime Porte, exercised by the Ottoman Commissioner in Egypt, would seem to be the most practical remedy for any illegal action on the part of the Canal Company; and unless the duties and authority of this

functionary are made a reality, Her Majesty's Government apprehend that difficulties with the Company will frequently arise.

If, on the other hand, the duties of Commissioner are efficiently and honestly exercised, there will be no need to trouble the Government of the Porte with matters of detail such as that to which this despatch relates.

M. de Lesseps has himself admitted the possible reality of the Ottoman's Commissioner's functions; for, in maintaining the legality of that system of levying tolls which the Company has lately been compelled to discontinue, one of his pleas was that, as the illegal tariff had been communicated to the Ottoman Commissioner, and had raised no objection from him, therefore it had received the tacit consent of the Porte.

I have now set before your Excellency the views of Her Majesty's Government as to the course which it would be most desirable for the Government of the Porte to adopt, in order to enforce upon the Suez Canal Company the cessation of such irregularities as the dues levied upon the despatch-vessels "Prompt" and "Hasty;" but I have at the same time to inform you that Her Majesty's Government leave to your Excellency's discretion the question as to how far it may be at present expedient to press those views upon the attention of the Porte.

No. 12.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, August* 20, 1874.

WITH reference to your despatch of the 22nd ultimo, I transmit to your Excellency herewith, copies of a letter, and of its inclosures, from the Board of Trade,* relative to the circumstances under which the Suez Canal Company have caused the Peninsular and Oriental Steam Navigation Company's steam-ship "Pekin" to be re-measured on passing through the Canal.

As your Excellency has already brought to the notice of the Porte the illegal course adopted by the Company in re-measuring British vessels when provided with the Board of Trade certificate, Her Majesty's Government leave to your own discretion the question of making a further communication to the Porte, at the present moment, with regard to this matter. They think it, however, very important for the future well-being of British shipping that it should be protected from the vexatious proceedings to which the Canal Company seem disposed to resort.

In my despatch of the 17th instant I have indicated the mode in which, as Her Majesty's Government consider, the Company might be restrained from exceeding its powers, without necessitating a reference on every occasion to the Government of the Porte. The Sublime Porte has a Commissioner residing in Egypt, whose duty it is to make the Company act according to the terms of the Concession.

Her Majesty's Government are, therefore, of opinion that advantage should be taken of any opportunity of communicating with the Porte on the matters referred to in the Board of Trade letter, to urge that its agent should exert a real control, and that the first exercise of his authority should be to call upon the Company to desist from remeasuring vessels provided with proper papers, and to rescind those parts of its regulations which are in excess of its powers—a point to be previously pronounced by the Porte.

It is true that the Ottoman Suez Commissioner being paid by the Company stands in an anomalous position for a controller, but he is nevertheless responsible to his own Government; and as the irregularities he has to check can always be made known to the foreign Consuls, and, if he is indifferent, by them reported to their Governments, he would probably stand in fear of the Porte's displeasure; and Her Majesty's Government think his authority could thus very well be made real and effective.

I am, &c.
(Signed) DERBY.

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* No. 10.

No. 13.

Lord Lyons to the Earl of Derby.—(Received September 2.)

My Lord, *Paris, August 31, 1874.*

WITH reference to my despatch of the 11th ultimo, I have the honour to inform your Lordship that M. de Lesseps called upon me this afternoon, and asked me whether I had anything to say to him respecting the views as to a final settlement of the Suez Canal Question, which he had requested me on the 11th of last month to make known to Her Majesty's Government.

On my answering in the negative, he told me that he thought he should either go himself in about six weeks' time, or if unable to make the journey himself, should send his son, to Constantinople to endeavour to make some equitable arrangement. He affirmed that it was absolutely necessary for the Company to obtain means of repairing and completing the works, which the present tolls were not sufficient to provide. He expressed great unwillingness to begin another contest, but hinted, at the same time, that if the Porte were again to consult the European Powers, he did not think that the same unanimity which had existed in the late Commission would be re-established.

He said that he had explained the whole affair at great length to the Comte de Jarnac.

I avail, &c.
(Signed) LYONS.

No. 14.

Sir H. Elliot to the Earl of Derby.—(Received September 11.)

(Extract.) *Therapia, September 3, 1874.*

I HAVE had the honour to receive your Lordship's despatch of August 17, with reference to the course to be pursued in order to check the Suez Canal Company in levying illegal dues on vessels accompanied by tugs on their passage through the Canal.

I have consequently addressed to the Porte the inclosed note, and I shall continue to urge the necessity of instructing the Imperial Commissioner in Egypt to exert a real influence in controlling the proceedings of the Company.

If the judicial reforms in Egypt lead to the creation of Courts to which the shipping interests can appeal with any security of meeting with justice, a much more effectual control will be established over the arbitrary acts of the Company than it will be possible to maintain through the timid action of the Porte.

Inclosure in No. 14.

Sir H. Elliot to Aarifi Pasha.

Sir, *Therapia, September 1, 1874.*

ON the 27th of June last I had the honour to call your Excellency's attention to the proceedings of the Suez Canal Company in reference to the dues charged upon two small vessels accompanying Her Majesty's troop-ships as tenders during their passage of the Canal.

Your Excellency not having yet informed me of the steps which the Imperial Government may propose to take in reference to that communication, I may now be permitted to suggest that without dwelling upon the particular cases to which I had called attention, the Sublime Porte would intimate in the proper quarter that the enactment contained in the inclosed paragraphs 12 to 14 of Article 13 of the Company's Regulations now in force, and dated April 12, 1872, is in excess of the powers conferred by the Act of Concession of 1856, and the Imperial Firman of 1866, and cannot therefore be legally imposed.

In the opinion of Her Majesty's Government it has become necessary that the Sublime Porte should notify to the Company the manner in which the enactment in

question exceeds its powers by a brief declaration, which might be drawn up somewhat in the terms of the inclosed "Project," which I beg leave to submit for the consideration of the Imperial Government in the hope that no difficulty will be seen to its adoption.

The sum involved in the cases which I have brought before your Excellency is not a serious one, but an important principle being undoubtedly infringed by the levying of the dues in question, Her Majesty's Government feel justified in appealing to the Sublime Porte to exert their authority for its maintenance, and your Excellency will concur in thinking that if future difficulties in regard to the Suez Canal Company are to be avoided, it must be by the strict adherence of all parties to the conditions sanctioned by the Sultan.

The Porte possesses the means of enforcing its authority through the Imperial Commissioner in Egypt, whose duty it is to watch the proceedings of the Company and to insure that the conditions of the Firman and of the Concession are complied with.

The constraining authority of the Sublime Porte exercised by the Ottoman Commissioner seems to Her Majesty's Government the most practical remedy for any illegal action on the part of the Canal Company, for unless the authority of this functionary is made a reality, frequent difficulties with it may be apprehended; while if, on the other hand, the duties of the Commissioner are efficiently exercised there will be no occasion to trouble the Porte with matters of detail such as those to which their attention was called by my previous note.

I avail, &c.
(Signed) HENRY ELLIOT.

No. 15.

Sir H. Elliot to the Earl of Derby.—(*Received September* 18.)

My Lord, *Therapia, September* 11, 1874.

THE numerous changes which have taken place at the Porte since last autumn make it difficult to discuss questions relating to the Suez Canal, neither the present Minister nor the Under-Secretary having even a superficial acquaintance with the subject.

I have therefore suggested to Aarifi Pasha that the best thing for the Porte to do with reference to the notes which I have written to him upon the course adopted by the Company in measuring ships, and in levying the tonnage dues, would be to refer them to Edhem Pasha and Salih Pasha, the two Ottoman members of the European Commission, who would be able to form a competent opinion upon them.

Aarifi Pasha seemed ready to adopt the proposal, and said, though he was not sufficiently acquainted with the subject to venture to speak confidently, that the Company appeared to him to have departed from the decision of the Porte, and if this were so he quite agreed in considering that it should be restrained.

He said that no communication on the subject of the Canal had been received from M. de Lesseps.

I have, &c.
(Signed) HENRY ELLIOT.

No. 16.

The Secretary to the Admiralty to Lord Tenterden.—(*Received September* 18.)

(Extract.) *Admiralty, September* 14, 1874.

I AM commanded by my Lords Commissioners of the Admiralty to request you will inform the Secretary of State for Foreign Affairs that a claim has been made on the Suez Canal Company for repayment of 2,477*l.* 6*s.* 6*d.*, that being the amount of the sums paid in excess under protest for Her Majesty's ships from the date at which the dues were raised; and my Lords desire me to transmit, for the Earl of Derby's perusal, the inclosed copy of a reply dated 2nd instant, which has been received from the Company's Agent in London, forwarding a letter from M. de Lesseps, observing that Her Majesty's ship "Teazer" has now been measured by the Officers of the Board of Trade, under the provisions of the Merchant Shipping Act, and the amount payable for

dues in her case on their certificate (153·59 tons) is 60*l.* 15*s.* 7*d.*, as against 78*l.* 15*s.* 2*d.*, the sum which has been paid to the Company under the measurement of their officers, showing a difference of 17*l.* 19*s.* 7*d.*

2. My Lords would wish to be informed what course the Earl of Derby considers it advisable should be adopted for the adjustment of these amounts and the recovery of the money under the circumstances stated.

Inclosure 1 in No. 16.

Sir D. Lange to the Lords Commissioners of the Admiralty.

Gentlemen, *London, September* 2, 1874.

WITH reference to your letter of the 5th ultimo, I have the honour to inclose the reply to it from the President of the Suez Canal Company.

I have, &c.

(Signed) DANIEL A. LANGE

Inclosure 2 in No. 16.

M. de Lesseps to Sir D. Lange.

Compagnie Universelle du Canal Maritime de Suez,

Monsieur, *Paris, Rue Clary* 9, , 1874.

JE trouve, en arrivant à Paris, votre lettre du 5 Août, me transmettant une étonnante réclamation des Lords de l'Amirauté.

En réponse, je ne puis que vous adresser, sous ce pli, un état des sommes dues par le Gouvernement de Sa Majesté à la Compagnie du Canal de Suez pour le passage de ses navires, depuis le 29 Avril, 1874. C'est en effet à partir du 29 Avril dernier que, par un abus scandaleux de la force militaire, nous sommes empêchés de percevoir les taxes visées dans notre Acte de Concession.

Ma protestation, dont copie est jointe,* a maintenu le droit des actionnaires; et si, chaque mois, par une communication officielle, Sa Majesté Impériale le Sultan est rendue responsable de la perte que la violence nous impose, cette perte n'en constitue pas moins une dette pour chacun des navires qui profite de la spoliation consommée, et qui bénéficie indûment des résolutions de la Commission de Constantinople, si justement qualifiées de "brigandage international" dans une publication faite à Liverpool par un sujet de Sa Majesté Britannique.

Veuillez, &c.

Le Président,

(Signé) FERD. DE LESSEPS.

(Translation.)

Sir, *Paris, Rue Clary,* 9, , 1874.

I FIND, on returning to Paris, your letter of the 5th of August, inclosing an amazing claim on the part of the Lords of the Admiralty.

In reply I can only transmit to you herewith a statement of the sums due by Her Majesty's Government to the Suez Canal Company for the passage of vessels of the Royal Navy since the 29th of April, 1874. For it is since that date that, by a scandalous abuse of military force, we have been prevented from levying the dues allowed by our Act of Concession.

My protest, of which I inclose a copy, maintains the rights of the shareholders; and though, by an official communication every month, His Majesty the Sultan is held responsible for the loss violently inflicted upon us, this loss nevertheless constitutes a debt for which each vessel is liable which profits by the act of spoliation, and derives undue benefit from the resolutions of the International Commission of Constantinople, properly stigmatized as "international robbery" in a pamphlet published at Liverpool by one of Her Britannic Majesty's subjects.

I have, &c.

The President,

(Signed) FERD. DE LESSEPS.

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* This is a printed Protest addressed by M. de Lesseps to his Highness Mohamed Tewfik Pasha, on April 26, 1874.

Inclosure 3 in No. 16.

ETAT des Sommes dues par le Département de l'Amirauté Anglaise à la Compagnie du Canal de Suez pour les Navires de Sa Majesté Britannique ayant passé le Canal de Suez du 29 Avril au 16 Août, 1874, et ayant bénéficié du tarif arbitrairement imposé par la force militaire.

Dates des Passages.	Noms des Navires.	Désignation.	Gross Tonnage.	Perception légale à 10 fr. par tonne sur ce gross tonnage.	Perception imposée par la force militaire.	Différence due à la Compagnie du Canal de Suez par l'Amirauté Anglaise.
1874.				Fr. c.	Fr. c.	Fr. c.
13 Juin	"Teazer"	Aviso	$349\frac{30}{100}$	3,493 00	1,990 30	1,502 70
	Stationnement	..	.. ..	13 96	7 96	6 00

Le Président Directeur,
(Signé) FERD. DE LESSEPS.

Paris, le 29 Août, 1874.

(Translation.)

STATEMENT of sums due by the British Admiralty to the Suez Canal Company for Her Britannic Majesty's ships which have passed through the Canal since the 29th of April, 1874, and have benefited by the tariff arbitrarily imposed by force of arms: —

Dates of Passage.	Names of Vessels.	Designation.	Gross Tonnage.	Legal Amount of Dues at 10 fr. per Ton on the Gross Tonnage.	Amount of Dues as imposed by Military Force.	Difference due to the Suez Canal Company by the British Admiralty.
1874				Fr. c.	Fr. c.	Fr. c.
June 13	"Teazer" ..	Aviso ..	$349\frac{30}{100}$	3,493 00	1,990 30	1,502 70
	Berthing due	..	..	13 96	7 96	6 00

The President Director,
(Signed) FERD. DE LESSEPS.

Paris, August 29, 1874.

No. 17.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, September* 21, 1874.

WITH reference to your Excellency's despatch of the 11th instant, I have to inform you that I approve the course which you adopted in suggesting to Aarifi Pasha that your notes respecting the measurement of ships and the levying of tonnage dues by the Suez Canal Company should be referred to the Ottoman members of the European Commission.

I am, &c.
(Signed) DERBY.

No. 18.

Count Wolkenstein to the Earl of Derby.—(Received September 23.)

M. le Comte, *Belgrave Square, le* 22 *Septembre*, 1874.

LE mois de Juin dernier le Consul Impérial et Royal de Port Saïd a informé mon Gouvernement de ce que l'agence centrale de transit à Ismailia a refusé, par suite d'ordre supérieur, de faire connaître les rapports mensuels sur le mouvement de la navigation dans le Canal de Suez, qu'elle avait jusqu'ici publiés d'une façon régulière.

Sans vouloir rechercher le motif qui avait pu engager, dans le temps, la Compagnie du Canal de Suez, à commencer la dite publication statistique qui, à tous égards, offrait un caractère d'utilité incontestable, mon Gouvernement ne croit pas devoir admettre sans protestation le procédé récent de la Compagnie qui entraine la cessation des

publications en question. En effet, mon Gouvernement pense que, par suite des résolutions de la Commission Internationale de Tonnage de l'année 1873, qui a décidé que l'augmentation de la taxe sur les bâtiments qui passent le Canal serait diminuée avec le temps en proportion de l'augmentation du tonnage transitant, les Etats représentés à la susdite Commission ont par ce fait même un certain droit de contrôle sur le mouvement de la navigation dans le Canal de Suez.

Le Gouvernement Impérial et Royal a donc l'intention de charger son Représentant en Egypte d'appeler l'attention du Commissaire Impérial Ottoman auprès de la Compagnie du Canal de Suez sur cette façon d'agir de la Compagnie, et de lui demander d'user de son influence pour l'engager à faire droit à notre réclamation.

Il désirerait, toutefois, savoir auparavant si le Gouvernement de Sa Majesté la Reine envisage la question de la même manière, et s'il serait disposé à envoyer à son Représentant en Egypte des instructions analogues.

J'ai donc l'honneur de prier votre Excellence de vouloir bien me faire tenir des renseignements à ce sujet, et je saisis, &c.

(Signé) A. WOLKENSTEIN.

(Translation.)

M. le Comte, *Belgrave Square, September* 22, 1874.

IN the month of June last the Imperial and Royal Consul at Port Saïd informed my Government that the Central Transit Agency at Ismaïlia had refused, upon superior order, to issue the monthly returns of the Suez Canal traffic, which had been regularly published until then.

Without wishing to inquire into the motive which may have originally led the Company to commence publishing the above statistics, the character of which was unquestionably and in all respects useful, my Government does not deem it right to admit without protest the recent proceeding of the Company, which involves the cessation of the returns in question; for my Government is of opinion that, in consequence of the resolutions of the International Tonnage Commission of 1873, which provided that the increase in the dues levied on vessels passing through the Canal should be gradually diminished in proportion to the increase of the tonnage traffic, the Powers represented in the above-named Commission have thereby acquired a certain right of control over the shipping traffic of the Suez Canal.

The Imperial and Royal Government therefore intends to instruct its Representative in Egypt to call the attention of the Imperial Ottoman Commissioner to the Suez Canal Company to this proceeding on the part of the Company, and to request him to use his influence in order to move it to remedy what we complain of.

My Government desire, however, to learn beforehand whether Her Britannic Majesty's Government take the same view of the question, and whether they would be disposed to send similar instructions to their Representative in Egypt.

I have therefore the honour to request that your Excellency will be so good as to enlighten me on this point, and I avail myself, &c.

(Signed) A. WOLKENSTEIN.

No. 19.

Sir H. Elliot to the Earl of Derby.—(Received September 28.)

(Extract.) *Therapia, September* 15, 1874.

BY your despatch of the 3rd ultimo your Lordship conveyed to me the views of Her Majesty's Government upon M. de Lesseps' conversation with Lord Lyons, as reported in his Lordship's despatch of the 11th July.

As this is the first indication of a disposition on the part of M. de Lesseps to discuss the requirements of the Canal Company, it is most desirable to meet it with a readiness to adopt his proposals as far as is compatible with the general interests; and I rejoice that Her Majesty's Government do not think it necessary that he should formally withdraw his protest or retract the language he had used with respect to them.

For the same reason, it appeared to me that M. de Lesseps' wish that the surtax should be assured to the Company for a fixed term of years rather than by a sliding scale, might properly be acceded to, even if, as may be assumed from his making the proposal, there is reason to expect a more rapid development of the traffic than had been calculated upon.

That point might, I should imagine, be arranged without the necessity of having a new Commission, but unquestionably, as observed by your Lordship, this or any other modification of the decision arrived at, through the late Commission, must be made by and through the Porte, acting in concert and consultation with the Maritime Powers.

The most difficult question to deal with relates to the mode of obtaining the sum which seems to be required for an extraordinary outlay to put the Canal into a satisfactory state.

Colonel Stokes considers that if the Company were authorised to levy the 1 franc per ton sanctioned by the Porte three years ago for that purpose, it would impose too heavy a burden on the shipping; and he would prefer the money being raised by a guaranteed loan.

I do not feel qualified to give an opinion upon this point, nor upon the question whether the charge for works undertaken solely for the purpose of ensuring the efficiency of the Canal should be removed from the shipping and imposed upon the general public, but, as it is not impossible that some Governments may be found indisposed to guarantee even the small proportion of the loan that would fall upon them, it would seem necessary to obtain their adherence to the principle before the details are gone into.

In whichever way the money is to be raised, the expectation of Her Majesty's Government of being informed of the nature and estimated cost of the intended works before any proposal for increased taxation can be listened to, could not well be objected to, and I do not gather from your Lordship's despatch that it is to be held necessary that there should be a control over their execution and expenditure.

M. de Lesseps cannot be accused of indifference to the success of his undertaking, and I should rather treat him with a generous confidence and trust to his carrying out the works, according to the plans upon which the fresh tax or guaranteed loan had been sanctioned, than attempt to subject him to a supervision.

No. 20.

The Earl of Derby to Count Wolkenstein.

M. le Comte, *Foreign Office, September* 29, 1874.

I HAVE the honour to inform you, in reply to your note of the 22nd instant, that no intelligence has as yet been received at this Office, to the effect that the Agents of the Suez Canal Company at Ismaïlia have declined to publish the monthly Reports of Traffic passing through the Canal. I have, however, instructed Her Majesty's Agent and Consul-General at Alexandria to forward to me a report upon the subject.

I am, &c.

(Signed) DERBY.

No. 21.

The Earl Derby to Major-General Stanton.

Sir, *Foreign Office, September* 29, 1874.

I TRANSMIT to you herewith, a copy of a note from the Austro-Hungarian Chargé d'Affaires at this Court,* which states that the authorities of the Suez Canal at Ismaïlia have refused to publish the monthly reports of traffic passing through the Canal, and I have to instruct you to forward to me a Report upon this matter.

I am, &c.

(Signed) DERBY.

No. 22.

Major-General Stanton to the Earl of Derby.—(Received October 6.)

My Lord, *Alexandria, September* 25, 1874.

I HAVE the honour to forward herewith to your Lordship the copy of a despatch which I have recently received from Mr. Vice-Consul Perceval, at Port Saïd,

* No. 18.

reporting that the Suez Canal Company had refused to allow the British steam-ship "Mesopotamia" to enter the Canal until the sum of 1,000 fr., claimed by them as damages for an alleged injury inflicted on one of the Company's dredges by the said steam-ship during a previous voyage, had been paid, notwithstanding that no claim had previously been made by the Canal Company through Her Majesty's Vice-Consul, and that no legal steps whatever had been taken by them to prove the justice of their demand.

Mr. Perceval made representations both to the agent of the Canal Company and to the Governor of Port Saïd to insure the passage of the vessel, but, after some delay, the agent was finally obliged to pay the amount demanded under protest to avoid further detention of the ship; and the pretension thus raised by the Canal Company to assess their own damages, without reference to proper legal authority, and to enforce payment by the detention of any vessel refusing to submit to such arbitrary proceedings, appears to me so gross an abuse, and so menacing to shipping interests in general, that I venture to bring the matter to your Lordship's consideration.

In the meantime I have informed Mr. Perceval that, as I was unable to take any action in the matter, I could only suggest that the agents or owners of the "Mesopotamia" should take legal proceedings against the Canal Company for unlawful detention of the vessel, and that no time should be lost in bringing the matter before the competent Egyptian Tribunal.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 22.

Vice-Consul Perceval to Major-General Stanton.

Sir, *Port Said, September* 19, 1874.

I HAVE the honour to acknowledge the receipt of your telegram of this day in answer to mine.

The case of the steam-ship "Mesopotamia" is as follows:—Mr. Royle, Manager of the Port Saïd and Suez Coal Company, agent of the vessel, tendered yesterday morning 11,817 fr. 16 c. to the Canal Company, being the amount of her canal dues and pilotage: this sum was refused by the Agent of the Company, who demanded 12,817 fr. 16 c., on the alleged ground that the steamer had been in collision with a dredge, on her last passage through the Canal, and had caused damage to the extent of 1000 francs.

No claim had been previously made through me to the Company, and no legal steps whatever have been adopted by them to prove the justice of their demand, but they simply refuse to allow the vessel to enter the Canal until this sum is paid.

I have demanded from the Company's Agent that immediate orders should be given to allow the ship to enter the Canal, and, having received no reply, I requested the Governor, as representing the Egyptian Government, to cause the Company to let her pass in accordance with the terms of the Concession, and stated that, regarding any claim against the owners, the Company should proceed in the usual manner by process of law.

Having telegraphed yesterday to Dr. Arpa asking him to see the Canal Authorities and obtain permission for the ship to pass, his answer states that the Company refuse as, according to Article 10 of the standing rules, steamers should pay damages.

It appears to me that damages caused by a collision are not provided for in that Article, which also states that the costs, &c., must be paid before the vessel leaves Port Saïd or Suez, whereas the "Mesopotamia" has been on a voyage to England and back since the occurrence.

I believe Mr. Royle purposes depositing the 1,000 fr. with the Governor if the Company will accept, otherwise he will be obliged to pay it to the Company under protest.

If the Canal Company are allowed to detain ships until payment of claims which may have but little foundation, or be caused by the negligence of their own servants, there will be no limits to the delays which may occur.

I have, &c.
(Signed) CHARLES G. G. PERCEVAL.

No. 23.

Mr. Lister to the Secretary to the Admiralty.

Sir, *Foreign Office, October 7, 1874.*

I HAVE laid before the Earl of Derby your letter of the 14th ultimo, and I am to state to you, in reply, for the information of the Board of Admiralty, that as Her Majesty's Government have decided to advise private parties not to put forward claims against the Suez Canal Company for over-charges for the period from July 1, 1872, to April 28, 1874, his Lordship cannot advise that claims should be pressed with respect to over-charges made on Government vessels.

The case of the overcharge made with respect to Her Majesty's ship "Teazer" is, however, a separate question, and on this matter a further communication will hereafter be addressed to you.

I am, &c.
(Signed) T. V. LISTER.

No. 24.

Baron Lambermont to M. Solvyns.—(Communicated to the Earl of Derby by M. Solvyns, October 8.)

M. le Ministre, *Bruxelles, le 30 Septembre, 1874.*

DEPUIS plusieurs mois l'Agence Centrale du Transit à Ismaïlia a suspendu, par ordre supérieur, la publication régulière du tableau officiel de la navigation dans le Canal Maritime de Suez.

Ce fait a été porté à la connaissance du Cabinet de Vienne par le Consul d'Autriche-Hongrie à Port Saïd.

Le Gouvernement Impérial et Royal a l'intention de charger son Représentant en Egypte de signaler à l'attention du Commissaire Ottoman près la Compagnie de Suez l'interruption de la publication dont il s'agit. Il espère que le Délégué de la Sublime Porte usera de son influence dans le but d'obtenir de la Compagnie qu'elle revienne à l'ancien état de choses.

Je vous saurais gré, M. le Ministre, de vouloir bien me faire savoir si le Gouvernement auprès duquel vous êtes accrédité serait disposé, le cas échéant, à donner à son Agent en Egypte des instructions analogues à celles que l'Autriche-Hongrie se propose de transmettre au Représentant du Gouvernement Impérial et Royal à Alexandrie.

Veuillez, &c.
Pour le Ministre,
Le Secrétaire-Général,
(Signé) J. S. LAMBERMONT.

(Translation.)

M. le Ministre, *Brussels, September 30, 1874.*

FOR several months past the Central Transit Agency at Ismaïlia has, by superior order, discontinued the regular publication of the official returns of the Suez Canal traffic.

This proceeding has been brought to the knowledge of the Cabinet of Vienna by the Austro-Hungarian Consul at Port Saïd.

The Imperial and Royal Government intends to instruct its representative in Egypt to call the attention of the Ottoman Commissioner to the Suez Canal Company to the suspension of the publication in question. It hopes that the Delegate of the Sublime Porte will use his influence to induce the Company to return to the former state of things.

I should be obliged, M. le Ministre, if you would be so good as to inform me whether the Government to which you are accredited would feel disposed, if necessary, to furnish its Representative in Egypt with instructions similar to those which the Austro-Hungarian Government proposes to send to its Representative at Alexandria.

I have, &c.
For the Minister,
The Secretary-General,
(Signed) J. S. LAMBERMONT.

No. 25.

The Secretary to the Admiralty to Mr. Lister.—(Received October 8.)

Sir, *Admiralty, October 7, 1874.*

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the consideration of the Secretary of State for Foreign Affairs, a Memorandum relating to the overpayments made to the Suez Maritime Canal Company for the passage of Her Majesty's Indian troop ships, accompanied by a statement showing in detail the whole of the sums which have been paid to the Company for the passage of those ships.

I am to add that it appears to my Lords but just that, in this instance, the payments made to the Company calculated on tonnage less than that now certified by the Board of Trade should be taken into account, and they would be glad to be favoured with the opinion of the Earl of Derby as to which of the alternate courses mentioned in the statement should be adopted in recovering the sum to be refunded to Indian revenues.

A copy of this communication, and of its inclosures, has been transmitted to the Secretary of State for India in Council.

I am, &c.
(Signed) VERNON LUSHINGTON.

Inclosure in No. 25.

Memorandum.

THE first passage of the Suez Maritime Canal by Her Majesty's Indian troop ships was made by the "Jumna" in May 1870.

The tonnage of each ship was then certified by the Controller of the Navy as $3{,}001\frac{78}{100}$ tons register,* and payment of the Company's toll was made accordingly for the "Jumna" and the other Indian troop ships which passed through the Canal, until the beginning of 1872, when an amended certificate was prepared by the Controller of the Navy (after communication with the Board of Customs and the Board of Trade) showing the tonnage to be $2{,}747\frac{18}{100}$ tons register.† A copy of this amended certificate was furnished to the representative of the Company in England on the 3rd January, 1872, and the Captains of the troop ships were instructed to calculate future payments accordingly.

As, however, the Company's agents in Egypt had not received the necessary instructions to levy the tolls on the reduced tonnage, payment was made on the $3{,}001\frac{78}{100}$ tons register until the termination of the season of Indian troop service in April 1872, subject to future adjustment, and after some correspondence on this subject it was arranged, through the representative of the Company in this country, Sir D. Lange, that the amount which had been overpaid between January and April 1872 should be abated from the toll due for the troop ship passing the Canal at the commencement of the following season, and the sum of 977*l.* 13*s.* 4*d.* was so recovered from the Company in October 1872.

In July preceding the Company commenced to levy the toll on the gross tonnage of all vessels, and the payment has since been made under protest on $4{,}414\frac{37}{100}$ tons.

The accompanying statement gives in detail all the payments which have been made to the Company, and the sums which would have been payable under the certificates recently prepared by the Board of Trade after measurement of each ship by the officers of that Department.

These certificates show that, while the register tonnage is considerably less than

	Tons.
* Gross	$4{,}414\frac{37}{100}$
Space occupied by machinery, &c.	$1{,}412\frac{59}{100}$
Register	$3{,}001\frac{78}{100}$
† Gross	$4{,}414\frac{37}{100}$
Machinery and crew	$1{,}667\frac{19}{100}$
Register	$2{,}747\frac{18}{100}$

the gross, on which payment has been made under protest since July 1872,* it is greater than that mentioned as the register tonnage in either the original or the amended certificate of the Controller of the Navy.

It is therefore a question whether all the transactions up to July 1872 are to be taken into consideration, or whether they are to be limited to those of a subsequent date, viz., those on which payment has been made on the gross tonnage of 4,414$\frac{37}{100}$ tons under protest.

The following are the amounts which will have to be recovered for each ship, viz.:—

	If limited to Payments made under Protest since July 1872, on the Gross Tonnage.	If extended to all Payments made since First Passage of Canal, 1870.
	£ s. d.	£ s. d.
"Crocodile"	5,184 17 0	4,875 17 0
"Euphrates"	4,373 0 7	3,990 14 5
"Jumna"	4,695 18 3	4,331 8 1
"Malabar"	2,239 6 9	1,669 11 3
"Serapis"	5,340 9 7	5,054 2 7
	21,833 12 2	19,921 13 4

As regards the mode to be adopted for recovering the amount which may be decided as being due from the Company, two courses are open to adoption, viz., that pursued by the Admiralty in respect of overpayments made for Her Majesty's ships of war, in which case the sum was claimed direct from the Company, or that the claim shall be made by the Secretary of State for Foreign Affairs, with an alternative proposal that the amount may be either paid by the Company to Her Majesty's Government in one sum, within a reasonable time, or gradually recouped to Indian revenues by abatement of a fixed sum of 1,200*l.* from the bill of exchange drawn on the Secretary of State for India in Council on each occasion of Her Majesty's Indian troop-ships passing the Canal during the ensuing season of Indian troop service, as was done by the Company in October 1872.

It is intended that four of the ships† shall each make four passages, or a total of sixteen, commencing at Port Saïd on or about the 14th October, and ending at that port on or about the 12th April next; and the amount which will be due for tonnage and towage under the Board of Trade certificates, and for pilotage, passengers, &c., will probably be 1,900*l.* for each passage,‡ equal to 7,600*l.* for each ship on four voyages, or 30,400*l.* in the aggregate.

Admiralty, September 28, 1874.

No. 26.

Major-General Stanton to the Earl of Derby.—(*Received October* 10.)

My Lord, *Alexandria, October* 1, 1874.

WITH reference to my despatch of the 25th ultimo, forwarding the copy of a despatch from Mr. Vice-Consul Perceval, reporting the proceedings of the Suez Canal Company in the case of the British steamship "Mesopotamia," I have now the honour to forward to your Lordship the copy of a further despatch from Mr. Perceval, inclosing the copy of a letter from Mr. Royle, manager of the Port Saïd and Suez Coal

	Tons.
* "Crocodile"	3,035$\frac{42}{100}$
"Euphrates"	3,143$\frac{14}{100}$
"Jumna"	3,109$\frac{95}{100}$
"Malabar"	3,142$\frac{9}{100}$
"Serapis"	3,023$\frac{62}{100}$

† "Euphrates," "Malabar," "Jumna," "Crocodile."

	£
‡ Tonnage and towage	1,400
Pilotage and passengers	500
Total	1,900

Company, agents of the "Mesopotamia," and also the copy of a letter from the Canal Company's lawyer at Port Saïd to the Governor of that town, replying to his Excellency's communication with reference to this matter, and insisting upon the Company's right to prevent the passage of the vessel through the Canal, until their claim for damages was complied with.

It appears to me of the greatest importance that no time should be lost in checking these extravagant pretensions of the Canal Company, and by bringing the question thus raised by them to a legal issue; but at the same time it must be admitted that the Mixed Commercial Tribunal of Alexandria, the Court declared by the Minister of Justice to be competent to decide these cases until the proposed new Tribunals shall be instituted, does not offer a sufficiently serious guarantee of legal knowledge to inspire much confidence as to the nature of the decisions which might be given by it, if applied to in such cases, and under these circumstances I venture to solicit your Lordship's instructions for my guidance in dealing with questions of this nature bearing on the powers or prerogatives of the Suez Canal Company.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 26.

Vice-Consul Perceval to Major-General Stanton.

Sir, *Port Said, September* 26, 1874.

REFERRING to my despatch of the 19th instant, I have the honour to inclose herewith the copy of a letter from Mr. Royle, Manager of the Port Saïd and Suez Canal Company, agents of the steam-ship "Mesopotamia," and also the copy of one from M. Malenfer, the Canal Company's lawyer here, to the Governor, which will show you the view the Company take of the detention of that steamer, which, according to them, was free to go anywhere except into the Canal. He says that the claim for damages was supported by a protest.

In July last a document from the Canal Company was sent to me by the French Consul, and I immediately returned it, as it was not forwarded through the proper channel. Probably this was the Protest in question.

I fully concur in Mr. Royle's remarks, and hope that steps may be taken to protect our shipowners from compulsory payment of claims for damages assessed by the Company, otherwise there is no knowing to what an extent British interests may suffer.

The Canal Company appear to me to place every impediment in their power in the way of British owners and subjects generally, and to set at nought the decisions of the International Commission of Constantinople.

Vessels arriving here with Suez Canal registers, issued by the Board of Trade in conformity with the provisions of that Commission, are re-measured here by the Canal officials, and compelled to pay dues on the results of these re-measurements. I have protested against these proceedings.

The Agent des Domaines has informed me that he has received instructions not to let any of the Company's houses to Maltese or other British subjects, as they cannot compel them to give up the houses when required.

Should the Company take proceedings against any British tenant in this Court, I should, if they were justified in ejecting such tenant, compel him to give up the premises, but no action has ever been brought by the Canal Company in this Court, probably because they will not plead as an Egyptian Company; thus the difficulty is all of their own creation.

All these proceedings of the Company being unjustifiable, you will probably consider them of sufficient importance to communicate them to the Minister for Foreign Affairs.

I have, &c.
(Signed) C. G. G. PERCEVAL.

Inclosure 2 in No. 26.

Mr. Royle to Vice-Consul Perceval.

Sir, *Port Saïd, September 22, 1874.*

WE have the honour to request that you will be so good as to bring to the notice of the Egyptian Government the recent illegal detention by the Suez Canal Company of the British steam-ship "Mesopotamia," which occurred under the following circumstances:—

The vessel arrived here on the night of the 17th instant from Malta on her voyage to Bussorah, and was ready to enter the Suez Canal before noon on the following day. The Canal Company, however, to whom we as agents for the owners, Messrs. Lynch Brothers, of London, tendered the dues as usual, refused to receive them or to allow her to enter the Canal until payment should be made of a further sum of 1,000 fr.

This sum was claimed by the Canal Company as the estimated amount of damage alleged to have been sustained by them in consequence of a collision between the "Mesopotamia" and one of the Company's dredges in July last.

By the terms of the Canal Company's concession, as well as by their printed rules, any vessel is entitled to make use of the Canal on payment of the dues simply. Hence it was obvious that to insist, as a further condition, upon payment of an unliquidated claim for damages (the validity of which is still a subject of dispute) was an attempt at extortion which neither the Company's regulations nor mercantile law would justify. Acting upon this view we at once, as you are aware, applied for assistance to yourself, as well as to his Excellency the Governor of Port Saïd, and although we are much indebted for the courtesy and attention with which our application was in both instances received, we regret to add that the representations addressed to the Canal Company were without effect.

On the 19th, as the vessel was still detained, we proposed to deposit with the Governor the amount of the Canal Company's claim, to await a legal decision thereon, provided the vessel were allowed to resume her voyage, but this offer the Canal Company declined.

Such being the state of things, and it being of the greatest importance to procure the departure of the vessel, which had now been detained the greater part of two days, nothing remained for us but to pay the sum demanded, which we accordingly did under protest, and the vessel was enabled to leave on the morning of the 20th instant.

You will readily perceive the delay and inconvenience thus occasioned by the Canal Company's illegal and oppressive conduct, and for which the amount of compensation that would be awarded by a legal tribunal would be wholly inadequate.

Unless the Canal Company are made to understand that they have no right to act in the outrageously illegal manner in which they have acted, they may, if they please, extort such sums (the subsequent recovery of which is more than problematical) as may practically prevent the passage of such steamers as they may choose, thus destroying the element of impartiality, which is the most important feature in the concession.

To shew the fallacious impression that the Canal Company's officials are under, we may mention that the law agent of the Company asserted in argument that the canal was theirs and they could do what they liked with it.

It will be within your own knowledge that the Canal Company have actually allowed claims to lapse in order to avoid having to prosecute them through the Egyptian authorities instead of through the French, of which nationality they would still vainly attempt to make their Company appear to be.

Their Rule 10 (which we believe to be illegal and not binding) provides that in the event of a vessel's grounding, the Canal Company shall have the right to get her afloat, and costs of same must be paid according to their own estimate before the departure of the vessel. This is an instance of what the Canal Company will do if left unrestricted, as they have practically been until now. When they wish to augment their funds they have only to put a few vessels ashore (their pilots being declared by them irresponsible), and then run up some of their exorbitant bills for assistance rendered, which bills the unfortunate British ship-owner will be compelled to pay before his ship would be allowed to leave.

Happily their Rules do not provide for collisions, or they might make a good thing by leaving their dredges in the road, as in the present instance.

Seeing, then, the imminent danger to the British shipping interest that now exists through this Canal Company assuming the powers of a Maritime State, we have

to pray you to urge his Excellency the Consul-General to take such measures as will result in the proper control, by the Egyptian Government, of this hitherto irresponsible and arbitrary Company.

Thanking you again for the warm interest that you have taken in this, as well as in all matters in which the British interests are concerned, we have, &c.

Port Saïd and Suez Coal Company,
(Signed) GEORGE ROYLE, *Manager.*

Inclosure 3 in No. 26.

M. Malenfer to the Governor of Port Said.

M. le Gouverneur, *Port Said, le 19 Septembre*, 1874.

J'AI l'honneur de vous accuser réception de votre lettre, en date de ce jour, qui me remettait la traduction d'une autre lettre de M. le Vice-Consul de Sa Majesté Britannique au sujet du steamer "Mesopotamia."

Tout d'abord, M. le Consul dit qu'il n'a pas été répondu à la lettre qu'il a écrit hier à M. l'Agent du Transit, et cependant sur votre gracieuse invitation j'ai eu l'honneur de me rendre à votre divan, où vous avez bien voulu entendre, deux fois hier, et une fois aujourd'hui, mes explications sur les prétentions de MM. les consignataires du navire en question.

Ainsi que je l'ai expliqué à votre Excellence, en présence de ces messieurs (et sans abandonner notre droit de rétention en d'autres circonstances) nous sommes loin de retenir illégalement le "Mesopotamia," comme on voudrait l'insinuer, car il est parfaitement libre de retourner d'où il vient, ou d'aller où bon lui semblera, excepté dans le Canal Maritime, avant d'avoir payé ce qu'il doit à la Compagnie.

Lors de son voyage précédent, MM. les consignataires et le capitaine du "Mesopotamia," sous prétexte que le pilote devait être responsable de la conduite du navire dans le Canal, non seulement ont refusé de payer une facture de 1,000 fr. d'avaries faites à une drague parfaitement garée, mais encore ils ont fait reprendre la mer au navire qui était notre gage, sans rien faire constater, et sans égard à nos réclamations appuyées d'un protêt.

Il nous semble donc tout naturel, et de toute équité, de dire aujourd'hui à ces messieurs : La Compagnie avait le droit, en vertu des Articles 4 et 10 de son Règlement de Navigation, d'exiger le paiement d'une facture qu'elle vous présentait lors du voyage précédent; vous avez cru esquiver ce paiement, elle est donc autorisée aujourd'hui, ne serait-ce qu'en raison du procédé antérieur, à user de son droit de vous dire : Quand vous m'avez payé ce que vous me devez vous entrerez dans le Canal, aux conditions des Traités que vous invoquez, mais payez d'abord les 1,000 fr., d'autant mieux que vous pouvez me faire ce paiement sous toutes réserves d'action en restitution, si vous croyez avoir trop payé.

C'est là, votre Excellence le reconnaîtra, un raisonnement loyal, de bonne foi, que tout négociant ou industriel, ayant le sentiment et le respect de la propriété, doit se faire et tenir en pareille circonstance sans que personne puisse y trouver à redire.

En résumé, la demande que M. le Consul Britannique fait à votre Excellence, d'inviter la Compagnie du Canal de Suez à laisser passer ce navire conformément aux dispositions et concessions publiées par Son Altesse le Vice-Roi sous la date du 5 Janvier, 1856, n'a pas de raison d'être ; car, je le répète, nous ne refusons rien de ce à quoi elles nous obligent, puisque nous disons : Payez 1,000 fr. que vous devez, et cela fait, nous nous empresserons moyennant paiement des droits de transit de vous donner entrée dans le Canal.

C'est au contraire, et surtout dans la circonstance, que la Compagnie du Canal de Suez pourrait réclamer les bons offices et l'appui de votre Excellence, puisque dans les Conventions Son Altesse le Khedive a daigné lui promettre son bon et loyal concours, ainsi que celui de tous les fonctionnaires de l'Egypte, pour faciliter l'exécution de l'exploitation du Canal.

Je prie, &c.
L'Agent chargé du Contentieux de la Compagnie du Canal de Suez,
(Signé) MALENFER.

(Translation.)

M. le Gouverneur, *Port Said, September*, 19, 1874.

I HAVE the honour to acknowledge the receipt of your letter of to-day's date, transmitting to me the translation of a further letter from Her Britannic Majesty's Vice-Consul relative to the steamer "Mesopotamia."

First of all, the Vice-Consul states that no answer has been returned to the letter which he yesterday addressed to the Transit Agent, and yet upon your courteous invitation, I had the honour to wait upon you at your divan, where you were good enough to listen, twice yesterday and once to-day, to my explanations on the subject of the claims advanced by the consignees of the vessel in question.

As I explained to your Excellency in the presence of those gentlemen, without abandoning our right of detention under other circumstances, we are far from illegally detaining the "Mesopotamia," as would appear to have been hinted, for she is quite free to return whence she came, or to go wherever she may please, except inside the Suez Canal, until she pays what she owes to the Company.

During her last journey, the consignees and the captain of the "Mesopotamia" not only refused to pay a bill of 1,000 francs for damages done to a dredging machine which had been properly shunted, on the plea that the pilot was responsible for the management of the vessel through the Canal, but also sent on to sea the vessel which was our security, without drawing up any statement, or paying any attention to our claims supported by a protest.

It seems, therefore, both natural and just that we should now say to these gentlemen: The Company had the right, in virtue of Articles IV and X of its Navigation Regulations, to exact payment of a bill presented to you at the time of the vessel's last journey; but you thought to escape payment; the Company is therefore entitled, if only by reason of your former proceedings, to exercise its rights, and to tell you that you shall enter the Canal upon the conditions established by the Treaties to which you appeal only after paying what you owe; so you must first pay the 1,000 francs, which there is all the less reason for you to refuse, since you can, while making the payment, reserve your right to take proceedings for its recovery, if you believe that you have paid too much.

Your Excellency will acknowledge that this is an honest and straightforward line which any merchant with a sense of what is proper, might take under such circumstances without fear of giving rise to a single complaint.

In a word, the request which the British Consul addresses to your Excellency, to the effect that you should invite the Suez Canal Company to allow the "Mesopotamia" to pass through the Canal, in conformity with the provisions and concessions published by His Highness the Viceroy on the 5th of January, 1856, is utterly unfounded; for I repeat that we refuse nothing to which those provisions bind us, since we say: "Pay the 1,000 francs which you owe, and we will willingly allow you to enter the Canal upon payment of the transit dues."

Under the circumstances it would be, on the contrary, for the Canal Company to claim the good offices and support of your Excellency, since, according to the Conventions, His Highness the Khedive has graciously promised his loyal and hearty assistance and that of all his officials to facilitate the proper working of the Canal.

I have, &c.

The Legal Agent of the Suez Canal Company,

(Signed) MALENFER.

No. 27.

Major-General Stanton to the Earl of Derby.—(*Received October* 10.)

My Lord, *Alexandria, October* 1, 1874.

WITH my immediately preceding despatch of this date I had the honour to forward to your Lordship the copy of a despatch which I have received from Mr. Vice-Consul Perceval referring to the difficulties and impediments placed by the Suez Canal Company in the way of British shipowners at Port Saïd.

Amongst other complaints against the Company, Mr. Perceval states that vessels arriving at Port Saïd with "Suez Canal registers" issued by the Board of Trade in conformity with the provisions of the International Commission, are remeasured there by the Canal officials and compelled to pay dues on the result of these remeasurements; that he has protested against these proceedings, but that the Canal Company set the decisions of the International Commission at naught.

As no particulars had reached me as to the cases referred to by Mr. Perceval, I have requested that gentleman to furnish me, at his earliest convenience, with the names of the vessels in question, as well as with the special circumstances connected with each case, to enable me to bring the matter before the principal agent of the Canal Company at Alexandria, as it is difficult to suppose that, unless some misunderstanding exists as to the nature of the registers referred to, the Canal Company would continue to insist upon these remeasurements in face of the stipulations contained in the final report of the International Commission with reference to these special tonnage certificates.

I have also requested him to suggest to the agents of any British vessels subjected to remeasurement under these circumstances to lodge a formal protest against the Canal Company for breach of agreement in not fulfilling the conditions of the Sultan's recent decision, and to pay under protest any sums demanded by the Company in excess of the legal charge allowed on such net registered tonnage.

I have, &c.
(Signed) EDWD. STANTON.

No. 28.

Mr. Lister to Mr. Farrer.

Sir, *Foreign Office, October* 14, 1874.

I AM directed by the Earl of Derby to transmit to you two despatches from Major-General Stanton,* reporting the circumstances under which the British steamer "Mesopotamia" was not allowed to enter the Suez Canal until a claim advanced by the officers of the Canal Company, on account of injury alleged to have been done to a dredge by this steamer on a previous voyage, had been satisfied.

I am to request that in laying these papers before the Lords of Trade, you will move their Lordships to favour Lord Derby with any observations which they may have to offer in regard to this matter.

I am, &c.
(Signed) T. V. LISTER.

No. 29.

Sir H. Elliot to the Earl of Derby.—(Received October 17.)

(Extract.) *Therapia, October* 7, 1874.

THE two members of the late Suez Canal International Commission, to whom the Porte referred the points to which I was instructed by your Lordship's despatches of the 17th and 20th August last, to call their attention, have not yet made their Report, but I have ascertained that their opinion upon them entirely coincides with the views of Her Majesty's Government.

The mode proposed by Her Majesty's Government of controlling the Company through the Commissioners in Egypt is, I am assured, not practicable, as that functionary is named by the Egyptian, and not by the Imperial Government, and it is thought that all communications from the Porte to the Canal Company must pass through the Khedive.

No. 30.

Mr. Trevor to Mr. Lister.—(Received October 22.)

Sir, *Board of Trade, Whitehall Gardens, October* 21, 1874.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 14th instant, transmitting two despatches and their inclosures from Major-General Stanton reporting the circumstances under which the British steamer "Mesopotamia" was not allowed to enter the Suez Canal, until a claim advanced by the Officers of the Canal Company on account of injury alleged to have been done to a dredge by this steamer when on a previous voyage had been satisfied, together with two Memoranda

* Nos. 22 and 26.

by Colonel Stokes on the case, and on certain points regarding the attitude of the Company towards British shipping which have been mentioned in connection with it.

In compliance with the wish expressed by you that the Board of Trade would favour Lord Derby with any observations which they may have to offer in regard to this matter, I am to request that you will state to his Lordship that they have nothing to add to Colonel Stokes' last Memorandum, with the views contained in which they entirely concur.

I am, however, to observe in confirmation of the opinion expressed by Colonel Stokes to the effect that it is not necessary or desirable to raise the question of the Company's powers at this moment, that it is undoubtedly the interest of the Company to obtain as much benefit as they can from the British trade, and not to take steps which might result in driving that trade from the Canal.

Every attempt to treat British ships differently from other ships should, of course, be at once reported and resisted.

The present case again illustrates what has appeared from the beginning of the discussion relating to the Suez Canal dues, viz., that complications and difficulties will be endless so long as this great highway of nations remains in the hands of a private Company.

The inclosures which accompanied your letter are herewith returned as requested.

I am, &c.

(Signed) C. CECIL TREVOR.

No. 31.

Colonel Stokes to the Earl of Derby.—(*Received October* 22.)

My Lord, *London, October* 21, 1874.

I HAVE had the honour to point out that the Port Saïd entrance of the Canal was seriously menaced by the formation and growth of a shoal to the north of the West Pier, which is caused by the deposit of mud from the Nile waters, the flow of which along the coast is here arrested, and the matter held by them in suspension thereby precipitated to the bottom. A plan showing the surveys of the coast of Port Saïd, made by officers of Her Majesty's Navy in 1870 and 1873, contained in my despatch of the 24th June last, made the extent of this process very apparent.

The Nile has for the last few months stood at an unusually high level for a longer period than is customary. It is therefore reasonable to suppose that it is added in an extraordinary degree to the height of the shoal off Port Saïd.

It would much facilitate the technical inquiry as to the best mode of keeping open the Suez Canal if a further survey of this shoal could be made this year, to ascertain the effect upon it of the recent floods.

I believe that none of Her Majesty's regular surveying vessels are at present stationed in the Mediterranean. I would therefore respectfully suggest that if such is the case it might be possible, nevertheless, to obtain a survey, by despatching an ordinary vessel on the station to Port Saïd, having attached to her a sufficient staff of surveyors to make it, and to take certain current observations which are wanted.

In the event of this suggestion meeting approval and being carried out, I should be glad to have the opportunity of indicating what these current observations should be.

I have, &c.

(Signed) J. STOKES.

No. 32.

Sir H. Elliot to the Earl of Derby.—(*Received October* 26.)

My Lord, *Therapia, October* 12, 1874.

IN reply to your Lordship's inquiry, I have the honour to state that no steps have yet been taken by the Porte to prevent the remeasurement of ships furnished with the proper papers on their passage through the Suez Canal.

The question, as I have had the honour to inform your Lordship, has been referred

to two of the Ottoman Members of the late International Commission, whose report Aarifi Pasha hopes to receive in the course of the week, when he will immediately communicate it to me.

I have, &c.
(Signed) HENRY ELLIOT.

No. 33.

Major-General Stanton to the Earl of Derby.—(Received October 26.)

My Lord, *Alexandria, October 14, 1874.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 29th ultimo, transmitting the copy of a note from the Austro-Hungarian Chargé d'Affaires at the Court of St. James' stating that the authorities of the Suez Canal at Ismaïlia have refused to publish the monthly reports of traffic passing through the Canal, and instructing me to forward to your Lordship a report upon this matter.

In compliance with these instructions I have the honour to state that, on applying some time since to Her Majesty's Vice-Consul at Port Saïd for monthly returns of the traffic through the Suez Canal, which were formerly supplied by the Canal Company, I was informed by Mr. Perceval that the Agent at Port Saïd had declined to furnish him with the information in question, stating that he had received positive instructions not to supply these returns to the Consular Officers at Port Saïd, but that the information in question would be furnished on their demand to the Agents and Consuls-General by the principal Agent of the Company at Alexandria.

As, however, I have ascertained that this information is published by the Canal Company in their journal "Le Canal de Suez," which is issued at Paris on the 2nd, 12th, and 22nd of each month, and as, moreover, a daily bulletin of the vessels passing through the Canal is exhibited at the Alexandria "Bourse," and copied into the local papers, I have not thought it necessary to apply to the agent of the Company in the matter, but have arranged to have the journal "Le Canal de Suez" regularly supplied to me for such reference as may be required in this office.

With regard, however, to Count Wolkenstein's suggestion that the attention of the Imperial Ottoman Commissioner to the Canal Company should be called to this matter, I would remark to your Lordship that there is no such Commissioner in Egypt to whom these representations could be made; and though the Egyptian Government is represented in the "Conseil d'Administration" of the Company at Paris, I am not aware that the Imperial Ottoman Government is also represented in that Council, and it appears to me, moreover, that, as the Suez Canal Company does publish periodical returns of the traffic through the Canal, the steps proposed by the Austro-Hungarian Government are hardly called for, and may possibly be met by a reference on the part of the Company to the above-mentioned journal and by a refusal to make any other publication of their traffic returns.

I have, &c.
(Signed) EDWD. STANTON.

No. 34.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, October 30, 1874.*

I AM directed by the Earl of Derby to transmit to you a copy of a despatch from Colonel Stokes,* the British Delegate to the late International Tonnage Commission at Constantinople, suggesting the expediency of having a survey made, under the direction of the Board of Admiralty, of a shoal at the Port Saïd entrance of the Canal; and I am to request that, in laying these papers before the Lords of the Admiralty for their Lordships' consideration, you will state that Lord Derby is disposed to concur in the views expressed by Colonel Stokes concerning this matter.

I am, &c.
(Signed) TENTERDEN.

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* No. 31.

No. 35.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, October* 30, 1874.

HER Majesty's Government have had under their consideration your despatch of the 1st instant, relative to the system pursued by the officers of the Suez Canal Company of remeasuring British vessels provided with Suez Canal registers issued by the Board of Trade; and I have to state to you that Her Majesty's Government will be glad to receive from you the further particulars as to these cases for which you have applied to Mr. Vice-Consul Perceval.

They are, however, of opinion that the remeasurement of vessels by the Company's agents does not arise from any misunderstanding on their part of the nature or effect of the certificates issued by the Board of Trade in conformity with the decision of the International Commission.

I am, &c.
(Signed) DERBY.

No. 36.

The Secretary to the Admiralty to Mr. Lister.—(*Received October* 31.)

Sir, *Admiralty, October* 30, 1874.

I HAVE laid before my Lords Commissioners of the Admiralty your letter of the 7th instant, informing me that, with reference to outstanding claims between the Admiralty and the Suez Canal Company, Lord Derby could not advise that claims should be pressed on the Company with respect to overcharges made on Government vessels between 1st July, 1872, and the 28th April, 1874; but that the case of the overcharge made in regard to Her Majesty's ship "Teazer" being a separate question, a further communication would be addressed to me on the subject.

2. My Lords now desire me to acquaint you that they have received from the Captain of Her Majesty's ship "Hart" a voucher for the payment of 142*l.* 17*s.* 6*d.* which was made under protest on the occasion of that vessel passing through the Suez Canal *en route* to China in April last.

3. The "Hart" has not been measured by the Board of Trade, but she is a sister vessel to the "Teazer," which has been so measured, and her capacity is as follows:—Gross register tonnage, 341·33; net register tonnage, 153·59.

4. In the case of Her Majesty's ship "Teazer," the Canal Company obtained payment of dues amounting to 78*l.* 15*s.* 2*d.* on 199·030 tons, net register tonnage; but the Board of Trade measurement gave 153·59 tons as the net register, on which the dues would have amounted to 60*l.* 15*s.* 7*d.* only, as stated in my letter of the 14th September last.

5. In the case of the "Hart," the Company appear to have obtained payment of dues amounting to 142*l.* 17*s.* 6*d.* (including pilotage) on a gross register tonnage measurement of 344·23 tons. This charge is not only inconsistent with the principle of payment on the net register tonnage as always maintained by the Admiralty, but is at variance with the claim preferred and the payment obtained by the Company in the case of the "Teazer," as above shown. The charge, however, might be sustained on the ground that the recommendations of the International Commission on Tonnage did not come into operation under the authority of the Porte until 28th April, whereas the "Hart" passed through the Canal on the 25th of April; but before admitting it, my Lords would be glad to be favoured with Lord Derby's views on the subject, observing that they have not thought it necessary to advert to the small difference between the gross tonnage measurement as stated by the Board of Trade and the Canal Company.

I am, &c.
(Signed) ROBERT HALL.

P.S.—Copy of a letter from the Commander of Her Majesty's ship "Hart," dated 20th June, 1874, relative to the Suez Canal dues for that ship having been paid under protest, is herewith transmitted.

R. H.

Inclosure in No. 36.

Commander Royse to Captain Smith.

Sir, "*Hart*," *at Penang, June* 20, 1874.

I HAVE the honour to report that the Canal authorities took no notice of the tonnage, &c., as mentioned in my sailing orders, but sent their own men on board and measured the ship, which, by their measurement, they made to amount to 344·23 tons gross tonnage, no net tonnage allowed.

I therefore, in compliance with my instructions, paid the dues as authorized under protest; the amount claimed by them for tonnage and pilotage was 142*l.* 17*s.* 6*d.*

I have, &c.

(Signed) HARVEY ROYSE.

No. 37.

The Secretary to the Admiralty to Mr. Lister.—(*Received October* 31.)

Sir, *Admiralty, October* 30, 1874.

WITH reference to former correspondence, I am commanded by the Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for Foreign Affairs, that on arrival of Her Majesty's Indian troop-ship "Euphrates" at Port Saïd on the 13th instant, the principal Transport Officer and Agent for the Government of India in Egypt (Captain Willoughby) lost no time in conferring with the Captain of the ship, and it was found that the Canal authorities were willing to accept, under protest (copy of which is inclosed), the Board of Trade certificate of tonnage, and the "Euphrates" passed through the canal on the 16th instant, leaving Suez on the afternoon of that day.

I am, &c.

(Signed) VERNON LUSHINGTON.

Inclosure in No. 37.

SOUS réserves des répétitions que la Compagnie du Canal de Suez pourra exercer ultérieurement pour le préjudice résultant de la perception du tonnage Danubien qui lui est imposé en violation de son Acte de Concession, au lieu de la perception à la capacité réelle des navires, conformément au dit Acte de Concession.

(Signé) CAILLAN, *Cashier.*

October 14, 1874.

(Translation.)

WITH reservation of the right of the Company to recoveries which it may ultimately lay claim to for losses inflicted by the levying of the tonnage dues under the Danubian rules, which have been imposed on it in violation of its Act of Concession, instead of levying on the real capacity of the ships, conformably to the said Act of Concession.

(Signed) CAILLAN, *Cashier.*

October 14, 1874.

No. 38.

The Secretary to the Admiralty to Lord Tenterden.—(*Received November* 5.)

My Lord, *Admiralty, November* 4, 1874.

REFERRING to former correspondence on the subject of payment of dues to the Suez Canal Company, I am commanded by my Lords Commissioners of the Admiralty to transmit herewith copy of a report, with inclosures, from the principal Transport Officer and Agent for the Government of India in Egypt, relating to the measurement of the Indian troop service despatch vessel "Prompt" by the Suez Canal Company as a basis for the payment of Canal Dues.

Copies have been also sent to the India Office.

I am, &c.

(Signed) VERNON LUSHINGTON.

Inclosure 1 in No. 38.

Captain Willoughby to the Director of Transport Services.

Sir, *Suez, October* 17, 1874.

WITH reference to your letter of the 2nd instant, I have the honour to report that the Suez Canal authorities at Port Saïd have, by request, measured Her Majesty's Indian despatch vessel "Prompt," to ascertain her net tonnage, and find it to be 64·91 tons.

The measurements, as under, were taken in the presence of Commander Chitty, on the morning of the 12th instant:—

1. Girth of vessel; abreast paddle shaft.
2. Length of deck; from outside stern to after-side of stern post.
3. Deck houses; viz., lamp room, galley, and engineer's store rooms.
4. Lower deck, and two cabins therein.
5. Engine room, boiler, and bunker space.

I have further to report that the Agent of the Suez Canal Company has been requested to furnish this department with the particulars of these measurements as per annexed letter, and the reply thereto I beg to attach, observing that on the main beam of the "Prompt" is stamped her official No. 58,324; 58 tons.

I have, &c.

(Signed) JAMES B. WILLOUGHBY,
Principal Transport Officer and Agent for the Government of India in Egypt.

Inclosure 2 in No. 38.

Mr. Chitty to M. Boecqueley.

Sir, "*Prompt,*" *Port Said, October* 12, 1874.

WITH reference to the measurements taken by you this morning of the "Prompt," I request the favour of your furnishing me with the result of the same and particulars of measurement.

I am, &c.

(Signed) A. W. CHITTY, *Commander,*
For the Principal Transport Officer and Agent for the Government of India in Egypt.

Inclosure 3 in No. 38.

M. Boecqueley to Mr. Chitty.

Monsieur, *Port Said, le* 13 *Octobre,* 1874.

EN réponse à votre lettre d'hier au sujet du mesurage du "Prompt," j'ai l'honneur de vous informer que le tonnage net Danubien de ce remorqueur est 64·91.

Quant aux détails de l'opération que vous me demandez, le capitaine du "Prompt" qui y assista pourra vous le fournir et vous donner les résultats en se basant sur les résolutions de la Commission de Constantinople consignées dans le Procès-Verbal 21 et qui nous ont été imposées par la force armée.

Veuillez, &c.

L'Agent du Transit,
(Signé) BOECQUELEY.

(Translation.)

Sir, *Port Said, October* 13, 1874.

IN answer to your letter of yesterday's date regarding the measurement of the "Prompt," I have the honour to inform you that the net tonnage Danubian of the tug is 64 tons ·91.

With regard to the details of the operation which you ask me for, the captain of the "Prompt," who was present, can furnish you with them, and will give you the

result, obtained on the basis of the resolutions of the Constantinople Commission set forth in the Procès-Verbal No. 21, which were imposed upon us by force.

Accept, &c.
L'Agent du Transit,
(Signed) BOECQUELEY.

No. 39.

The Secretary to the Admiralty to Lord Tenterden.—(Received November 7.)

Sir, *Admiralty, November 6, 1874.*

HAVING laid before the Lords Commissioners of the Admiralty your letter of 30th ultimo, with inclosures, relative to the expediency of a re-survey being made of the Port Saïd entrance of the Suez Canal, I am commanded by their Lordships to acquaint you, for the information of the Earl of Derby, that the last survey of Port Saïd and its approaches was made in May 1873 by Commander Wharton, of Her Majesty's ship "Shearwater;" and as that ship will be returning to England through the Canal in the course of next year, my Lords would submit, for Lord Derby's concurrence, the desirability of the re-survey being made by the same officer and under the same conditions as the former survey.

The above arrangement would appear the more desirable, as the Hydrographer to the Admiralty states that the changes in the depths (from which the engineering conclusions will be drawn), may be small and irregular, and will necessarily require the most careful attention to details in the observations.

I am, &c.
(Signed) ROBERT HALL.

No. 40.

Colonel Stokes to the Earl of Derby.—(Received November 11.)

My Lord, *London, November 11, 1874.*

REFERRING to my previous reports, I have the honour to inclose a Plan of the Port Saïd entrance to the Suez Canal, showing, in three colours on one sheet, the surveys made by the French in 1869, and by officers of Her Majesty's Navy in 1870 and 1873. This reduced plan, compiled from original surveys, shows at a glance the extent of silting up at Port Saïd to which I have had the honour to draw your Lordship's attention.

I venture to repeat here what I mentioned in my despatch of the 24th June last, that the shoaling shown by the original surveys is not quite so great as that stated in my Report of the 20th April last, on the physical condition of the Canal. That Report was founded on the published charts, in which there may have been some error. The extent of shoaling shown on the plan now sent is, however, quite sufficient to justify grave anxiety for the future of the Canal.

I have, &c.
(Signed) J. STOKES.

Inclosure in No. 40.

Plan of the Port Saïd Entrance to the Suez Canal, in Four Colours.

No. 41.

Memorandum by Colonel Stokes on Admiralty Letter of November 6, 1874.

I THINK it very desirable that the Port Saïd entrance and approaches should be re-surveyed by Commander Wharton, of Her Majesty's ship "Shearwater" when that vessel returns to England next year, and I should be glad to be allowed to indicate certain observations which, in my opinion, should then be made.

Lithographed at the Topographical Depôt, Horse Guards, War Office
Major C W Wilson R.E. Director 1874

N.B. *The Shoal at A was caused by the deposit there of the stuff dredged from the Harbour before 1869. It has been broken down by the beat of the waves since. Its disappearance does not imply improvement of the channel*

At the same time I have the honour to observe that such survey does not answer the purpose which I had in view in requesting that, if possible, a survey might be made this year. My object is to ascertain the effect on the Port Saïd shoal produced by this year's extraordinary Nile flood, before the deposits from it are beaten down and scattered by the winter storms.

A survey made now, and followed by a fresh survey, when the "Shearwater" returns, will furnish very valuable information on the process of silting-up which the Port Saïd approaches are undergoing. I therefore venture to urge again that, if it be possible, a survey may be made this year. If the Admiralty has not a surveyor disposable, but could send a vessel, I could put an experienced surveyor on board on whom I can perfectly rely: the able surveyor who for fifteen years made the Danube surveys, and who is now living in England unemployed.

(Signed) J. STOKES.

London, November 11, 1874.

No. 42.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, November* 11, 1874.

WITH reference to your Excellency's despatch of 22nd July last, I transmit to you herewith copies of a letter and its inclosures from the Board of Admiralty,* relative to the acceptance, under protest, by the Suez Canal authorities of the Board of Trade certificate of tonnage, carried by Her Majesty's troop-ship "Euphrates" on her passage through the Canal.

I have to request that your Excellency will again call the attention of the Porte to the objectionable wording of the protest issued by the Canal Company, not only upon receiving the amount of dues payable by the vessel in question, but, as it appears, in the case of every vessel passing through the Canal since the 28th of April last.

I am, &c.
(Signed) DERBY.

No. 43.

Lord Tenterden to Mr. Trevor.

Sir, *Foreign Office, November* 11, 1874.

I AM directed by the Earl of Derby to transmit to you herewith a letter which has been received from the Lords Commissioners of the Admiralty,† relative to the dues levied by the Suez Canal Company on Her Majesty's ships "Teazer" and "Hart;" and I am to request that, in laying this paper before the Lords of Trade, you will move their Lordships to favour Lord Derby with any observations they may have to offer thereupon.

I am, &c.
(Signed) TENTERDEN.

No. 44.

Mr. Trevor to Lord Tenterden.—(Received November 16.)

My Lord, *Board of Trade, Whitehall Gardens, November* 14, 1874.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 11th instant, transmitting a letter which had been received by the Earl of Derby from the Lords Commissioners of the Admiralty, and its inclosures, relative to the dues levied by the Suez Canal Company on Her Majesty's ships "Teazer and "Hart;" and requesting that his Lordship may be favoured with any observations thereon which this Board may desire to offer.

* No. 37 and Inclosure. † No. 36.

In reply, I am to request that you will state to Lord Derby that, as regards the "Hart," the Board of Trade concur in the views expressed by Colonel Stokes, viz., that as the dues were paid on the 25th April, that is, before the day appointed for the resumption of net tonnage as the basis on which the Suez Canal Company should levy dues, it would be undesirable to prefer a claim against the Company on account of this vessel.

The inclosures which accompanied your letter are herewith returned.

I have, &c.

(Signed) C. CECIL TREVOR.

No. 45.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, November* 19, 1874.

I HAVE laid before the Earl of Derby your letter, with its inclosure, of the 30th ultimo, relative to the scale of dues charged by the Suez Canal Company upon Her Majesty's ship "Hart," on the occasion of its passage through the Canal;* and I am now directed by his Lordship to state to you, for the consideration of the Lords of the Admiralty, that, Her Majesty's ship "Hart" having paid the excess of dues complained of on the 25th April last, that is, before the day appointed by the Porte for the resumption of net tonnage as the basis on which the Canal Company should levy its dues, it appears to Lord Derby that this vessel stands in the same position as those other vessels of Her Majesty referred to in the letter from this Office of the 7th ultimo.

It seems to Lord Derby undesirable to make any distinction between the case of the "Hart" and that of the other vessels referred to, and his Lordship would therefore submit to the Board of Admiralty that no claim should be preferred against the Canal Company on account of Her Majesty's ship "Hart."

I am, &c.

(Signed) TENTERDEN.

No. 46.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, November* 19, 1874.

I HAVE had under my consideration your despatch of the 14th ultimo, relative to the refusal of the Canal Company to communicate to the Consular Officers at Port Saïd the monthly returns of traffic through the Canal, and to the fact that the Ottoman Government is not represented, as regards the Canal Company, by a Commissioner resident in Egypt.

As regards your remark that the Suez Canal Company's journal publishes the amount of tonnage passing through the Canal, I have to observe that the journal in question only publishes the total gross tonnage. What is called in the journal the "tonnage de chargement" of a certain number of the vessels is given; but neither this nor any other information given enables any Government to ascertain on what amount of net tonnage the tolls are paid.

A sufficient control of the tonnage passing through the Canal, for the purposes of the decrease of the surtax, was obtained by the returns hitherto supplied by the Company; and the refusal of the latter to supply this information to the local Consuls deprives the Government of this control.

With reference to your statement that the Egyptian Commissioner with the Suez Canal Company resides in Paris, I have to observe that on this point your information is correct; and from the terms of the Company's "Acte de Concession," Article 9, it may be inferred that it was the intention of the Signataries of this instrument that the Commissioner should reside there.

The supposition entertained by the Austro-Hungarian Government that this functionary resided in Egypt, as expressed in the note from Count Wolkenstein, of which a copy was inclosed in my despatch of the 29th of September last, was probably

* No. 36.

founded on the language used by the French delegates at Constantinople, and on the fact that the Commissioner's duties, as described by M. de Lesseps in the memorandum communicated by him to Sir H. Elliot, on the 17th January, 1873, were to "watch over the strict execution of the Act of Concession and of the Statutes by the Company," a control which cannot be exercised by a resident in Paris.

I am, &c.
(Signed) DERBY.

No. 47.

The Earl of Derby to Count Beust.

M. l'Ambassadeur, *Foreign Office, November* 20, 1874.

WITH reference to my note to Count Wolkenstein of the 29th September last, I have the honour to inform your Excellency that I have received a despatch from Her Majesty's Agent and Consul-General in Egypt, containing a Report with respect to the alleged discontinuance by the Suez Canal Company of the monthly returns of the traffic through the Canal, which had been hitherto issued by them to the Consular Body in Egypt.

Her Majesty's Agent and Consul-General states that on applying some time since to Her Majesty's Vice-Consul at Port Saïd for the monthly returns of the traffic through the Suez Canal, the latter officer replied that the Company's Agent at Port Saïd declined to furnish him with the information in question, stating that he had received positive instructions not to supply these returns to the Consular Officers at that port, but that the said information would be furnished, on demand, to the Agents and Consuls-General, by the Principal Agent of the Company at Alexandria.

Her Majesty's Agent and Consul-General reports that he has not thought it necessary to make an application in the above sense to the Agent at Alexandria, as the required information is published by the Canal Company in their journal "Le Canal de Suez," which is issued at Paris on the 2nd, 12th, and 22nd of each month, and as, moreover, a daily bulletin of the vessels passing through the Canal is exhibited at the Alexandria Bourse, and copied into the daily papers.

Your Excellency will perceive that the foregoing statement on the part of Her Majesty's Agent and Consul-General confirms the information given to his Government by the Austro-Hungarian Consul at Port Saïd, as set forth in Count Wolkenstein's note of the 22nd September, that the Canal authorities refuse to furnish the Consuls at the Canal ports with the return, formerly given, of the shipping passing through the Canal. A sufficient control of the tonnage passing through the Canal for the purposes of the decrease of the surtax was obtained by such publication by the Company; and the refusal by the latter to supply this information to the local Consul deprives the Governments who were represented at the International Commission of such control: for it is, moreover, to be observed that the Canal Company's journal, to which Her Majesty's Agent and Consul-General refers, as publishing the amount of tonnage passing through the Canal, only publishes the total gross tonnage. What is called in the journal the "tonnage de chargement" of a certain number of vessels is given, but neither this nor any other information therein given enables any of the Governments concerned to ascertain on what amount of net tonnage the tolls are paid.

This matter is now receiving the attention of Her Majesty's Government, and I shall not fail to inform your Excellency in due time of the course which they may decide to adopt with regard to it.

It remains for me to refer, in conclusion, to that part of Count Wolkenstein's note which announces the intention of the Austro-Hungarian Government to instruct their Representative in Egypt to call the attention of the Imperial Ottoman Commissioner to the Suez Canal Company to the proceedings of that Company in regard to the returns of traffic.

I would beg to point out to your Excellency that there seems to exist some misapprehension on the part of the Austro-Hungarian Government, as I gather from Count Wolkenstein's note, in regard to the presence of such an Ottoman official as is above designated, in Egypt, charged with functions connected with the Canal Company.

Her Majesty's Government do not understand that there is any such Commissioner in Egypt; and though the Egyptian Government is represented in the "Conseil

d'Administration" of the Company at Paris, Her Majesty's Government are not aware that the Imperial Ottoman Government is also represented in that Council.

From the terms of the Company's "Acte de Concession," Article 9, it may also be inferred, as it appears to Her Majesty's Government, that it was the intention of the Signataries of this instrument that the Egyptian Commissioner should reside at Paris.

In thus placing before your Excellency the state of the case, as understood by Her Majesty's Government, I beg, in conclusion, to suggest that the views held by the Austro-Hungarian Government as to the presence of an Ottoman Commissioner in Egypt were possibly based upon the language used by the French Delegates at Constantinople, and on the fact that the Commissioner's duties, as described by M. de Lesseps, were to "watch over the strict execution of the Act of Concession and of the Statutes by the Company;" a control which, as it seems to Her Majesty's Government, could scarcely be effectually exercised by a resident in Paris.

I am, &c.
(Signed) DERBY.

No. 48.

Mr. Trevor to Lord Tenterden.—(Received November 23.)

My Lord, *Board of Trade, Whitehall Gardens, November* 21, 1874.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 16th instant,* transmitting, for their observations, a letter and its inclosures from the Lords Commissioners of the Admiralty, together with a Memorandum on the same by Colonel Stokes, relative to the measurement by the Suez Canal authorities of the Indian despatch ship "Prompt;" and in returning the inclosures which accompanied your letter, I am to request that you will state to the Earl of Derby that the Board of Trade concur in the recommendation made by Colonel Stokes.

I have, &c.
(Signed) C. CECIL TREVOR.

No. 49.

Mr. Trevor to Lord Tenterden.—(Received November 23.)

My Lord, *Board of Trade, Whitehall Gardens, November* 21, 1874.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 16th instant,* transmitting, with reference to former correspondence, a despatch and Memorandum from Colonel Stokes and a letter from the Lords Commissioners of the Admiralty, relative to a suggestion on the part of the former as to the expediency of a survey of the coast off Port Saïd being made by officers of Her Majesty's Navy.

In compliance with the wish of the Earl of Derby to be favoured with the views of this Board in the matter, I am to request that you will state to his Lordship that they gather from this correspondence that Colonel Stokes, while entirely concurring in the opinion expressed by the Lords Commissioners as to the re-survey of the Port Saïd entrance and approaches by Commander Wharton, of Her Majesty's ship "Shearwater" (when that vessel returns to England next year), thinks, nevertheless, that it is very desirable that a survey should be made this year.

His reason appears to be that an opportunity now exists (which will not exist if the survey is postponed) of ascertaining the effect on the Port Saïd shoal, produced by the extraordinary rise in the River Nile this year, before the deposits from it are beaten down and scattered by the winter storms.

The reasons given by Colonel Stokes lead the Board of Trade to a belief that, in the present instance, his views should be supported, and that his suggestion should be submitted for the favourable consideration of the Lords Commissioners.

I have, &c.
(Signed) C. CECIL TREVOR.

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* These were mere formal transmitting letters.

No. 50.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, November* 26, 1874.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter with its inclosures, of the 4th instant, relative to the measurement of the Indian Troop Service ship "Prompt" by the Suez Canal Company as a basis for the payment of Canal dues; and I am in reply, to request that you will state to the Lords of the Admiralty that, in his Lordship's opinion, the difference between the tonnage of the "Prompt," as ascertained by the officers of the Canal Company, and that marked on the vessel's main beam is probably due—1st, to the vessel having been now measured under Rule II of the Merchant Shipping Act of 1854, which only gives an approximate result; 2ndly, to the deduction for engine space being different; and 3rdly, to the cubical contents of the deck-houses being now included in the tonnage.

I am to add that, in his Lordship's opinion, it does not seem advisable to take any special notice of this case in the present stage of the proceedings with reference to the Suez Canal.

I am, &c.
(Signed) TENTERDEN.

No. 51.

General Bülow to the Earl of Derby.—(Received November 27.)

M. le Comte, *Légation de Danemark, Londres, le* 25 *Novembre,* 1874.

LE Gouvernement du Roi a naturellement suivi avec le plus vif intérêt les travaux de la Commission Internationale, qui en 1873 s'est réunie à Constantinople pour établir des règles de jaugeage; et comme l'objet de ces travaux a la plus grande importance aussi pour le Danemark, le Gouvernement s'est hâté d'étudier le projet de la Commission et de le juger du point de vue pratique que lui fournissent ses expériences de sept ans du système "Moorsom."

Le Gouvernement du Roi s'étant convaincu que les règles proposées par la Commission ne s'accordent pas toujours avec les exigences pratiques, et que pour les rendre complètement satisfaisantes il faudrait les modifier en plusieurs points, il a fait rassembler ses observations sur ce sujet dans le mémoire dont, par ordre de mon Gouvernement, j'ai l'honneur de mettre à la disposition de votre Excellence les dix exemplaires ci-joints.

J'ai, &c.
(Signé) F. BÜLOW.

(Translation.)

M. le Comte, *Danish Legation, London, November* 25, 1874.

THE King's Government has naturally followed with the deepest interest the labours of the International Commission which assembled at Constantinople in 1873, to establish rules for tonnage measurement; and as the object of those labours is also one of the greatest importance for Denmark, the Government has not failed to consider the proposals of the Commission, and to judge them from the practical point of view which a seven years' experience of the Moorsom system affords.

The King's Government being convinced that the rules proposed by the Commission are not always in accordance with practical requirements, and that to render them entirely satisfactory they must be modified in several points, has caused its observations on the subject to be embodied in a Memorandum, of which, by order of my Government, I have the honour to place herewith ten copies at your Excellency's disposal.

I have, &c.
(Signed) F. BÜLOW.

Inclosure in No. 51.

Remarques sur le Projet de Règles de Jaugeage recommandées par la Commission Internationale du Tonnage réunie à Constantinople en 1873.

No. 52.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, November* 28, 1874.

THE Earl of Derby has had under his consideration, in communication with the Lords of Trade, your letter of the 6th instant, setting forth the opinion of the Lords of the Admiralty with reference to the letter from this Office of the 30th ultimo, that Colonel Stokes' proposal for a re-survey of the Port Saïd entrance of the Suez Canal should be undertaken in the course of next year by Commander Wharton, of Her Majesty's ship "Shearwater."

I am now directed by his Lordship to transmit to you copies of a further Memorandum by Colonel Stokes, and of a letter from the Board of Trade on this subject;* and I am to request that in laying the same before the Board of Admiralty for their Lordships' consideration you will state that Lord Derby concurs in the views expressed by the Board of Trade concerning the matter in question.

I am, &c.
(Signed) TENTERDEN.

No. 53.

Major-General Stanton to the Earl of Derby.—(Received November 30.)

My Lord, *Cairo, November* 21, 1874.

IN compliance with the instructions contained in your Lordship's despatch of the 30th ultimo, I have the honour to forward herewith to your Lordship the copy of a despatch which I have received from Mr. Vice-Consul Perceval, inclosing a list of vessels which, though provided with the Suez Canal registers issued by the Board of Trade, had been remeasured by the officers of the Canal Company at Port Saïd.

Mr. Perceval has not been able to furnish me with a complete list of the vessels which have been remeasured, having been unable to procure from the agents all the particulars required for this purpose.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 53.

Vice-Consul Perceval to Major-General Stanton.

Sir, *Port Said, October* 12, 1874.

REFERRING to your despatch of the 1st instant, I have the honour to inclose you herewith the names and particulars of vessels compelled to pay Canal dues on the tonnage as measured by the Company, although supplied with special Suez Canal certificates.

The agents have not been able to furnish me with particulars of all vessels that have been remeasured; and I believe that such has been the case with the ships of the Peninsular and Oriental Steam Navigation Company.

I am informed that the steam-ship "Glenroy" and "Glamis Castle" were charged on their last passage, according to the special Canal register, but the agents have been advised by the Canal Company that these vessels will be remeasured on their next voyage, and that the spaces which were wrongly deducted will be added to this tonnage.

I have, &c.
(Signed) CHARLES G. G. PERCEVAL.

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* Nos. 41 and 48.

Inclosure 2 in No. 53.

LIST of Vessels provided with Special Suez Canal Registers remeasured by Canal Company.

Name of Steam-ship.	Tons per Board of Trade Special Canal Register.	Tons per Company's Measurement.	Difference in Tonnage.	Date of Arrival.	Remarks.
Glengyle	1,271 63/100	1,275 54/100	39 1/100 more	June 27	
Galley of Lorne ..	1,607 45/100	1,623 60/100	16 15/100 „	July 2	
Glenfinlas	1,472 06/100	1,474 89/100	2 83/100 „	July 16	
Glenartney	1,432 90/100	1,444 124/100	11 34/100 „	Aug. 14	
Duke of Lancaster ..	2,107 06/100	2,145 84/100	38 78/100 „	..	
Cawder Castle ..	1,524 42/100	1,529 37/100	4 95/100 „	Aug. 27	
Bræmar Castle ..	1,531 78/100	1,536 99/100	5 21/100 „	Sept. 13	
County of Sutherland ..	1,687 80/100	1,698 75/100	10 95/100 „	Sept. 18	
Normanby	664 44/100	638 56/100	25 88/100 less	Oct. 7	
Gleneam	1,437 61/100	1,451 21/100	13 60/100 more	Oct. 5	
King Arthur ..	..	..	45 112/100 „	..	Tonnage and date not given.
Paraguay	..	..	..	..	Tonnage found correct.

In the case of the last vessel, the agents complain of the delay occasioned by the remeasuring, although the tonnage was found to be the same.

(Signed) CHARLES G. G. PERCEVAL.

Port Said, October 12, 1874.

No. 54.

The Earl of Derby to General Bülow.

M. le Ministre, *Foreign Office, November* 30, 1874.

I HAVE the honour to acknowledge the receipt of your note of the 25th instant, and beg to express to you my thanks for the copies therewith inclosed of the Memorandum prepared by direction of the Danish Government on the recommendations of the International Commission on the Suez Canal dues.

I am, &c.

(Signed) DERBY.

No. 55.

Messrs. Watts, Milburn and Co. to the Earl of Derby.—(*Received December* 3.)

My Lord, 85, *Gracechurch Street, London, December* 2, 1874.

WE respectfully beg to call your attention to the way in which the Suez Canal Company are treating us.

Our steamer "Hankow," before she left here was measured by the Board of Trade officials, and a certificate given of her tonnage, to obtain which we went to considerable trouble and some expense. When the boats get to Port Saïd, the document in question is treated with contempt and entirely ignored, and the Canal Company measure the boat in their own way, and make her 40 tons more than the Board of Trade certificate.

We beg you will represent this case in the proper quarter. It seems most humiliating that documents emanating from the English Government officials should receive such treatment, and we hope the Government of which you are a member will show the pluck which becomes our British nation, and not the weak policy pursued by our former Government.

We have, &c.

(Signed) WATTS, MILBURN AND Co.

No. 56.

Mr. Gray to Lord Tenterden.—(*Received December* 4.)

My Lord, *Board of Trade, Whitehall, December* 3, 1874.

WITH reference to your letter of the 16th ultimo, and this Board's reply of the 21st ultimo, relative to the measurement by the Suez Canal authorities of the Indian despatch ship "Prompt," I am directed by the Board of Trade, to state, for the information of the Earl of Derby, that on inquiring further into the case, they find that the difference between the tonnage marked on the main beam of the vessel, viz., 58 tons, and the tonnage estimated by the Canal authorities, viz., 64·91 tons, is mainly due to the latter being under Rule 2, which gives a large result compared with Rule 1, the true rule, in this class of vessels.

I am further to state, for the information of Lord Derby, that it appears to this Department most unjustifiable that this vessel should have been measured under Rule 2, and charged upon that measurement, notwithstanding that she had her papers according to Rule 1.

Under Rule 1, she had been quite accurately measured internally, and her tonnage had been computed exactly; whereas, under Rule 2, she has now been merely measured by a girthing measure, and the tonnage is at the best but an approximation. The object of Rule 2 is to provide for cases in which ships have not been previously measured by Rule 1; and for Rule 2 (an approximate rule only) to be now used to supersede Rule 1 (the correct mathematical rule) is altogether to set aside principle.

I am to point this out for Lord Derby's consideration, in case his Lordship may think that some special remonstrance should be made on this case.

I have, &c.

(Signed) THOMAS GRAY.

No. 57.

The Secretary to the Admiralty to Lord Tenterden.—(*Received December* 4.)

Sir, *Admiralty, December* 3, 1874.

WITH reference to your letter of the 26th ultimo, I beg to transmit herewith, for the information of the Secretary of State for Foreign Affairs, copy of further correspondence which has been received from the Principal Transport Officer and Agent for the Government of India in Egypt relative to the toll levied by the Suez Canal Company on the Indian troop-service despatch vessels "Hasty" and "Prompt."

I am, &c.

(Signed) VERNON LUSHINGTON.

Inclosure 1 in No. 57.

Commander Willoughby to the Secretary to the Admiralty.

Sir, *Suez, November* 14, 1874.

IN compliance with your letter of the 6th instant, requesting me to report what has been done by the Suez Canal Company in levying toll at the rate of 50 c. per ton on the tonnage of Her Majesty's Indian troop-ships, when accompanied by the despatch vessels "Hasty" or "Prompt," during the present season, and what sums have been paid by me under protest, I beg herewith to attach copies of correspondence which has taken place in the matter, together with a statement of tolls accepted by me under protest, but not yet presented for payment.

I have, &c.

(Signed) JAMES B. WILLOUGHBY,

Principal Transport Officer and Agent for Government of India in Egypt.

Inclosure 2 in No. 57.

Commander Willoughby to M. Daubrée.

Sir, *Suez, October* 19, 1874.

WITH reference to my letter of the 13th March, 1874, informing you that, under instructions, I protested against the payment of 50 c. on the tonnage of Her Majesty's Indian troop-ships for escort of the despatch vessels "Hasty" and "Prompt," and requesting that, should your agents after such intimation demand payment above alluded to, you would be pleased to consider the letter as a protest against such payment.

The trooping season 1874-75 having commenced, I have now to repeat in the sense of that letter my protest against such payment.

An acknowledgment of this letter at your convenience will oblige.

I have, &c.

(Signed) JAMES B. WILLOUGHBY,
Principal Transport Officer and Agent for Government of India in Egypt.

Inclosure 3 in No. 57.

M. Daubrée to Commander Willoughby.

(Translation.)

M. le Commandant, *Alexandria, October* 23, 1874.

I HAVE the honour to acknowledge the receipt of your letter from Suez, dated the 19th instant, confirming the one that you wrote to me on the 13th of March last, to inform me that you protest against the payment of 50 c. on the tonnage of the tugs "Prompt" and "Hasty," accompanying the Indian troop-ships.

I have, &c.

(Signed) E. DAUBRÉE, *Superior Agent.*

Inclosure 4 in No. 57.

STATEMENT of Sums paid under Protest.

	Fr.	c.
Her Majesty's despatch vessel "Prompt," accompanying Her Majesty's ships—		
"Euphrates"	1,571	57
"Malabar"	1,571	57
"Jumna"	1,571	57
Total	4,714	71

At the rate of exchange 25 fr. the £ sterling is 188*l.* 11*s.* 9*d.*

Other Sums not paid under Protest.

	Fr.	c.
Pilotage from Suez to Port Saïd to meet "Malabar"	91	50
" " " "Jumna"	91	50
Total	183	00

At the rate of exchange 25 fr. the £ sterling is 7*l.* 6*s.* 5*d.*

(Signed) JAMES B. WILLOUGHBY,
Principal Transport Officer and Agent for Government of India in Egypt.

Suez, November 14, 1874.

No. 58.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, December* 8, 1874.

I HAVE laid before the Earl of Derby your letter with its inclosures of the 3rd instant, relative to the toll levied by the Suez Canal Company on the Indian troop service despatch vessels "Hasty" and "Prompt;" and I am directed by his Lordship, in reply, to request that you will state to the Lords of the Admiralty that the only observation which at present occurs to him with regard to the above correspondence, is on an inaccuracy contained in the reply of M. Daubrée to Captain Willoughby, dated Alexandria, 23rd October, 1874, in which he assumes Captain Willoughby's protest to be against the payment of 50 c. per ton on the tonnage of the "Hasty" and "Prompt," whereas the protest is against paying this additional toll on the tonnage of the troop ships.

The account of tolls due shows this clearly; but Lord Derby would, nevertheless, submit to the Board of Admiralty whether it would not be desirable that Captain Willoughby should be directed to rectify the mis-statement contained in M. Daubrée's letter.

I am, &c.
(Signed) TENTERDEN.

No. 59.

The Secretary to the Admiralty to Lord Tenterden.—(Received December 9.)

Sir, *Admiralty, December* 7, 1874.

WITH reference to your letter of the 28th ultimo, forwarding a printed copy of a letter from the Board of Trade, representing that it would be advisable to make a survey this year of the Port Saïd entrance to the Suez Canal, I am commanded by my Lords Commissioners of the Admiralty to request you will inform the Earl of Derby that they have desired the Commander-in-chief in the Mediterranean to detach a vessel to proceed with this survey as requested.

I am, &c.
(Signed) VERNON LUSHINGTON.

No. 60.

Lord Tenterden to Messrs. Watts, Milburn and Co.

Gentlemen, *Foreign Office, December* 9, 1874.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 2nd instant, and I am to inform you that the proceedings of the Suez Canal Company with respect to the remeasurement of vessels are engaging the attention of Her Majesty's Government.

I am, &c.
(Signed) TENTERDEN.

No. 61.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 11, 1874.

IN your despatches of the 25th September and 1st October last, you have reported on the case of the British steam-ship "Mesopotamia," and have applied for instructions for your guidance in dealing with questions of a similar nature, in which the powers and prerogatives of the Suez Canal Company are concerned.

Your despatches contain two reports from Her Majesty's Vice-Consul at Port Saïd, a letter from Mr. Royle, Port Saïd Agent of the "Mesopotamia's" owners, and one from M. Malenfer, the Suez Canal Company's lawyer at Port Saïd to the Governor of that place.

Mr. Perceval's report raises several points, some of which bear directly on the case of the "Mesopotamia." Others, bearing generally on the rights and course of action of the Suez Canal Company spring only incidentally from this case.

As regards the detention of the "Mesopotamia" for damage alleged to have been done by her in a previous voyage, Mr. Royle states the shipowner's view; M. Malenfer, the pretensions of the Company.

Both of these documents tend to confuse the point at issue, because both writers rest their arguments on an erroneous reading of the Company's Concession and Regulations, which form the law of the case. Mr. Royle contends that a ship has only to pay her dues in order to have a right to pass through the Canal; but Article 14 of the Act of Concession stipulates also that she must conform to the Company's Regulations.

Mr. Royle doubts the legality of certain Articles in the Regulations in force; but according to the Statutes of the Company, which have been formally approved by His Majesty the Sultan, the "Conseil d'Administration" has uncontrolled power to issue its regulations; and those in force, complained of, have been regularly issued, and therefore are legal where they do not contravene some special stipulation of the Concession.

The strong point of the "Mesopotamia's" case is that it has not been provided for by the Company's Regulations, and on that account her detention was illegal. Article 10 of the Regulations provides, that if a vessel takes the ground in the Canal, the Company's officers may get her afloat again, may assess the damage done and the expenses of floating, and may detain the vessel until the amount of the assessment is paid.

But the Regulations do not make this procedure applicable to collisions. Article 4 renders the captain responsible for any damage that may be done by her.

In any other case then, than that of grounding, the Company, in absence of a special power, conferred by its Regulations, ought to make good its claim not by detention of the vessel, but by ordinary process of law, and the captain will then be civilly responsible.

It is for this reason that M. Malenfer's arguments, which would have a certain degree of justice on their side, read by the light of the Concession, if the "Mesopotamia" had grounded, are quite inapplicable to the collision case under consideration.

Mr. Vice-Consul Perceval states grounds for supposing that the Canal Company's officers persist in proceeding as if the Company were French.

Her Majesty's Government consider that the case of the "Mesopotamia" affords a good opportunity for establishing in the Egyptian Courts of Law that the Company is Egyptian. If the owners of the "Mesopotamia" sue the Company for restitution of the fine illegally levied, and for detention of their vessel, they must institute proceedings in an Egyptian Court. The facts of the case, and the reading of the Company's Regulations are so clear that any Court must give judgment in favour of the ship. Whether the Company plead before the Court as Defendant, or whether, declining to appear, it suffers an adverse judgment by default — a judgment which the Khedive will be bound to enforce, the Egyptian nationality of the Company will be unmistakably established, and the pretentions of the Company to be considered under the jurisdiction of the French Consulate must be abandoned. Her Majesty's Government would therefore with pleasure see this case tried in the Egyptian Courts.

Mr. Perceval and Mr. Royle claim protection for the shipowners from the compulsory payment of damages by ships under the assessment of the Company's officers, and pray that the Company be restrained. Although there may be good reasons why, if the Company's concession were under revision, some curtailment of the powers exercised by it should be effected, this is not under consideration at this moment, and as

long as the Company acts within its powers, Her Majesty's Government cannot interfere.

If, as Mr. Perceval alleges, British ships and shipowners are subjected to annoyances not inflicted on other nations, he should bring forward specific instances in support of his statement, on which action can be taken. If, for instance, the Board of Trade certificate is not allowed to stand as a basis of a vessel's dues, whilst similar certificates given to the vessels of other nations are admitted by the Company as valid basis of taxation, a charge of inequality between flags would be made out, and Her Majesty's Government would have a strong case in insisting that the Porte should cause the Company to act equally to all flags.

Lastly, as regards the refusal of the Company to let land or houses to Maltese subjects of Her Majesty, I have to observe to you that there is no clause in the Concession obliging the Company to act equally to the subjects of all nations in the letting of land or houses.

The Company is free to let or sell its property to whom it will, and Her Majesty's Government cannot interfere in this matter.

I am, &c.
(Signed) DERBY.

No. 62.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 12, 1874.

I HAVE had under my consideration your despatch of the 21st ultimo, inclosing a list, prepared by the British Vice-Consul at Port Saïd, of the vessels passing through the Suez Canal which have been remeasured by the Canal authorities although provided with the special registers issued by the Board of Trade; and I have to observe, in reply, that this list only specifies twelve vessels that have been remeasured, whereas ninety-five British vessels, not including Her Majesty's ships, had, up to the 29th ultimo, received the special Suez certificates from the Board of Trade.

So many special cases of remeasurement, however, have been reported as to leave no doubt that, although Mr. Perceval has particulars of only a small portion of the vessels that have passed through the Canal, the practice of the Company in this respect is general.

The cases, especially of the steamships "Glenroy" and "Glamis Castle," mentioned by Mr. Perceval, show that the Company still perseveres in the illegal course of remeasuring vessels carrying proper papers.

Under these circumstances I have to instruct you to obtain from Mr. Vice-Consul Perceval a list of all vessels that have been remeasured by the Canal authorities since the 29th of April last, under whatever flag, with particulars of tonnage, if obtainable, but without them where only the name and flag of the vessel can be had. It should state also, if possible, whether the vessel has a special Suez certificate.

It would seem from Mr. Perceval's despatch that the masters of remeasured British vessels have not protested against the action of the Company; had they done so, he would have had all necessary data in his Consulate, without reference to the Agents. If this inference should be correct, the omission to protest against the Company's arbitrary proceedings is to be regretted; and might, with advantage, be repaired in future.

I am, &c.
(Signed) DERBY.

No. 63.

Major-General Stanton to the Earl of Derby.—(Received December 12.)

My Lord, *Cairo, December* 5, 1874.

WITH reference to my despatch of the 14th October, relating to the refusal of the Suez Canal Company to communicate to the Consular Officers at Port Saïd the monthly returns of traffic through the Canal, and to your Lordship's despatch of the 19th ultimo, I have the honour to forward herewith to your Lordship the copy of one

of the daily returns of the traffic through the Canal, posted at the Bourse at Alexandria.

I have ascertained from Mr. Acting Consul Calvert that these returns are regularly filed at the Bourse, and are accessible for reference if required.

I have also, in consequence of your Lordship's observations, called the attention of his Excellency Chérif Pasha, who, in addition to his duties as Minister of Justice, has just been named Minister of Commerce, to the necessity of having proper registers of the traffic through the Canal kept by the Egyptian Government, to ensure a proper control of the tonnage passing through the Canal, with a view to the decrease of the surtax at present allowed to be levied by the Company, and I have reason to believe his Excellency has the intention of instructing the Captain of the Port at Suez, as well as at Port Saïd, to keep a careful register of all vessels entering the Canal at these ports, showing the net tonnage on which the Canal dues are leviable.

These Returns will act as a check on those published by the Canal Company, and the proposed arrangement, which appears to me to meet the present difficulty, will, I trust, meet with your Lordship's approval.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 63.

COMPAGNIE UNIVERSELLE DU CANAL MARITIME DE SUEZ.

EXPLOITATION.

Transit des Navires. Journée du 30 Novembre, 1874.

Noms des Navires.	Désignation.	Gross Tonnage.	Tonnage Imposé.	Nationalité.	Provenance.	Destination.
Audacious ..	Frégate ..	3,816·01	2,478 86	Anglais ..	Malte	Chine.
Penguin ..	Vapeur ..	1,741·14	1,136·47	Id. ..	Glasgow ..	Rangoon.
Clive ..	Id. ..	1,239·32	809·51	Id. ..	Calcutta ..	Londres.
Hindostan ..	Id. ..	3,113·13	1,832·07	Id. ..	Bombay ..	Alexandrie et Venise.
Hong Kong ..	Id. ..	1,881·30	1,244·62	Id. ..	Chine	Londres.
Queen Victoria .	Id. ..	2,132·75	1,396·37	Id. ..	Columbo ..	Id.
Palestine ..	Id. ..	2,867·44	2,214·75	Id. ..	Liverpool ..	Bombay.

Pour l'Agent Supérieur,
(Signé) A. LAMARRE.

No. 64.

Sir E. Thornton to the Earl of Derby.—(*Received December* 14.)

My Lord, *Washington, November* 30, 1874.

I HAVE the honour to inclose three printed copies of a Circular which has been issued by the Secretary of the Treasury of the United States relative to the payment of tonnage dues by vessels passing through the Suez Canal, and the form of the Certificate with which American vessels should be furnished when intending to pass through that Canal.

I have, &c.
(Signed) EDWD. THORNTON.

Inclosure in No. 64.

CIRCULAR.

Suez Canal Special Tonnage Certificates.

Treasury Department, Washington, D.C.,
October 19, 1874.

To Collectors of Customs and others:

COLLECTORS will please bring to the attention of the masters and owners of American vessels likely to pass through the Suez Canal, the fact that the Imperial Government of Turkey and the Suez Canal Company have adopted the suggestions of the International Tonnage Commission, held at Constantinople in the year 1873, in regard to the unification of tonnage, and the deduction of 1 franc per ton from the regular Canal dues, in the case of all vessels which are measured according to the Moorsom system now in use in this country, and which are provided with a special certificate by competent authority, exhibiting the gross tonnage of the ship, and the deductions therefrom, authorized by the regulations of the Commission.

These regulations, so far as regards the deductions to be allowed, are substiantially as follows:—

1. In the case of sailing-vessels, deductions should be made from the gross tonnage of the spaces appropriated for the accommodation of the crew, the cabins of the officers, the caboose and latrines, used exclusively for the crew, whether above or below the upper deck, the covered and inclosed spaces on deck for the navigation of the ship, including the chart, wheel, and lookout-house; and the house for the capstan, anchoring apparatus, and signalling—the total deduction not to exceed 5 per cent. of the gross tonnage.

2. From the gross tonnage of vessels propelled by steam there should be deducted—

(*a.*) The same spaces as in the case of sailing vessels, subject to the limitation of 5 per cent. of the gross tonnage.

(*b.*) The spaces occupied by the engines, boilers, coal bunkers, the shaft tunnel of screw steamers, and the spaces surrounding the chimneys reserved to give access to the air and light for the engine-room. These deductions cannot, however, exceed 50 per cent. of the gross tonnage.

3. In steamships without fixed coal bunkers, but in which the stock of coal is kept in movable bulkheads, with or without side bunkers, measurement would be made of the space occupied by the engine-room, and 75 per cent. should be added thereto, in the case of screw steamers, and 50 per cent. if the ship be moved by paddle wheels.

The space occupied by the engine-rooms should be understood to comprehend that of the engine-room and that occupied by the boilers, together with the spaces strictly necessary for their use and working, and, in addition, the space of the shaft tunnel of screw steamers, and the spaces in the between decks, surrounding the chimney, and affording the air and light access to the engine-room.

The measurement of these spaces will be made in the following manner:—Measure the mean depth of the space occupied by the engine and the boilers, from its crown to the ceiling at the limber-strake; measure also three, or, if necessary, more than three breadths of the space at the middle of its depth—taking one of such measurements at each end, and another at the middle of the length; take the mean of such breadths; measure also the mean length of the space between the foremost and aftermost bulkheads, or limits of its length, excluding such parts, if any, as are not actually occupied by or required for the proper working of the machinery; multiply together these three dimensions of length, breadth, and depth, and the product will be the cubical contents of the space below the crown; then find the cubical contents of the space or spaces, if any, above the crown aforesaid, which are framed in for the machinery, or for the admission of light and air, and add the same to the space below the crown; also add any spaces between decks necessary to the working of the engine, and to give access to the light and air. The space occupied by the tunnel for the shaft of the screw should also be added, and the result thus obtained be reduced to tons, to serve as a basis for the deductions to be made.

If in any ship in which the spaces aforesaid are to be measured, the engines and boilers are fitted in separate compartments, the contents of each should be measured carefully according to the above rules, and the sum of their several results will be deemed to be the tonnage of the spaces aforesaid.

4. In steamships with fixed bunkers the mean length of the engine and boiler-

room should be measured, including the coal bunkers. The areas of three transverse sections of the ship should then be calculated, in the manner provided for by law and the General Regulations of this Department, to the deck forming the crown of the engine. One of the three sections should be measured at the middle of the length, and the other two at the extremities; then to the sum of the end breadths, add four times the middle breadth, and multiply the whole sum by one-third of the common interval between the breadths.

This product, divided by 100, if the measures are taken in feet, or by 2·83, if they are taken in metres, will give the tonnage of the space in question. If the engines, boilers or coal bunkers are in separate compartments they should be measured separately, after the manner described, and added together.

In screw steamers the interior space of the tunnel will be measured by taking the mean length, width, and height, and the product of the three dimensions, divided by 100, will give the tonnage of the space.

Tonnage in the between-decks, or in covered and closed-in constructions upon the upper deck, will be found in the same manner:—

(*a.*) Spaces surrounding the chimney.

(*b.*) Spaces giving air and light to the engine-rooms.

(*c.*) Spaces, if there are any, necessary to the working and use of the engines.

5. Instead of measuring fixed bunkers, the rule for bunkers with movable bulkheads may be applied.

6. For tug-boats, the deductions are not limited to 50 per cent. of the gross tonnage; the entire spaces occupied by the engines, boilers, and coal bunkers should be deducted. If, however, these vessels are not used exclusively for towing, the deduction in question cannot exceed 50 per cent. of the gross tonnage.

In order that the owners of American vessels may take advantage of the reduction of the ordinary rates of dues under the circumstances above mentioned, this Department has prepared the annexed form for a special certificate, which will be furnished by Collectors when applied for by the masters or owners of such vessels proceeding abroad.

Blank forms will be forwarded to Collectors on application to this Department, and those officers are requested to endeavour to insure the accuracy of the measurements required to complete the certificates.

(Signed) B. H. BRISTOW,
Secretary of the Treasury.

Suez Canal Special Tonnage Certificate.

[American vessels navigating the Suez Canal, if provided with this certificate, are entitled to a reduction of 1 franc per ton from the ordinary Canal dues.]

Name of Ship.	Official Number.	Port of Registry in the United States of America.	Gross Tonnage on Certificate of Registry.

Details of Tonnage for the above-named Ship when passing through the Suez Canal.

	Cubic Mètres.	Tons of 100 Cubic Feet.
The gross tonnage of this vessel is as follows (see Register):—		
1. Capacity under the tonnage deck		
2. Capacity between decks above the tonnage deck		
3. Capacity of permanent inclosures above the upper deck		
Gross register tonnage of entire ship		
Deductions from Gross Tonnage.		
1. Berthing accommodation of crew, not including accommodation for servants of stewards or of passengers—		
a. In forecastle		
b. Elsewhere		
2. Berthing of officers, not including accommodation for captain—		
a. On deck		
b. Elsewhere		
3. Galleys, cook-houses, and water-closets, exclusively for the crew—		
a. On deck		
b. Elsewhere		
4. Covered and closed-in spaces above the upper deck, employed for working the ship (name them)—		
Chart-house		
Wheel-house		
Look-out house		
House for capstan, anchoring aparatus, signals ..		
Total deductions in a sailing ship*		
Net register tonnage of a sailing ship		

* This is in no case to exceed 5 per cent. of the entire gross tonnage of the ship, and so soon as any stores or cargo are carried in, or passengers are berthed or accommodated in any of the spaces deducted, the deduction of that space ceases thenceforth.

Further Deductions for Propelling Power in the case of Steamers.

	Cubic Mètres.	Tons of 100 Cubic Feet.		
Either—1. Applicable to ships with fixed bunkers—				
a. Engine-room, measured in accordance with special instructions from the Treasury Department. This includes water-tight shaft trunk, and all spaces set apart for the working of the machinery and boilers				
b. Permanent coal bunkers, measured in accordance with special instructions from the Treasury Department				
Total deduction for propelling power*				
Net register tonnage of steamer by actual measurement ..	..	..		
Or—2. Danube Rule, applicable to steam-ships with fixed or with movable bunkers—				
a. Engine-room, measured as directed above (1 *b*). This includes water-tight shaft trunk and all spaces set apart for the working of the machinery and boilers ..				
b. In a screw-steamer, plus 75 per cent. of the engine-room measured as directed above (1 *b*)				
c. In a paddle-steamer, plus 50 per cent. of engine-room measured as directed above (1 *b*)				
Total deduction for propelling power*				
Net register of steamer by Danube Rule	..	..		

This is to certify that the vessel of the United States above named has been measured, and that the tonnage ascertained as above is in accordance with the rules adopted by the International Tonnage Commission at Constantinople in the year 1873.

Given under my hand and seal, at the Port of , United States of America, this day of , 18 .

(Seal) *Collector of Customs.*

No. 65.

Memorandum by Colonel Stokes on Admiralty Letter of December 7, 1874.

WHILST expressing my satisfaction at the decision of the Admiralty to make an immediate survey of the Port Saïd entrance to the Suez Canal, I have the honour to state that it is desirable that the following points should be ascertained by the surveying officer employed:—

1. The direction and force of the littoral current between the Damietta mouth of the Nile and Port Saïd

2. The extent seaward of this current, that is, the width of the band of current moving parallel with the coast.

3. The disturbance produced in this current by the Port Saïd piers, that is, the direction, force, and extent of the counter-currents produced by them.

4. The existence of currents from the Canal seawards.

5. What changes in the littoral currents are produced by changes of wind?

6. Do easterly winds altogether check and even reverse the current from west to east?

7. The changes that have taken place in the shore line between Damietta mouth and Port Saïd since 1869.

The last point may be difficult to verify now, but land-marks might be set up for future verification.

(Signed) J. STOKES.

London, December 14, 1874.

* The total deduction for propelling power is not, except in the case of tugs, to exceed 50 per cent. of the gross register tonnage of the ship.

No. 66.

Mr. Trevor to Lord Tenterden.—(Received December 16.)

Sir, *Board of Trade, Whitehall Gardens, December 15, 1874.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 9th instant,* transmitting a Memorandum by Colonel Stokes, relative to the measurement of the troop despatch ship "Prompt," on her passage through the Suez Canal, and in reply, to request that you will state to Lord Derby that, if that measurement was, as stated, made at the request of the Admiralty Agent in Egypt, the Board of Trade are disposed to think that, unfortunate as the result has been, the present case would not be a favourable one on which to make any representation.

Apparently, the proper course would have been to adhere to the tonnage as originally measured, and I am to suggest that the Lords Commissioners should be informed to that effect.

The Memorandum by Colonel Stokes is herewith returned.

I have, &c.

(Signed) C. CECIL TREVOR.

No. 67.

Sir H. Elliot to the Earl of Derby.—(Received December 21.)

My Lord, *Therapia, December 2, 1874.*

NOTWITHSTANDING constant applications to the Porte, I have been unable to obtain answers to the communications which I had made by your Lordship's instructions upon the charges imposed by the Suez Canal Company, and this morning I have been requested to furnish fresh copies of the notes, as they had been mislaid, and were not forthcoming.

It will not, I hope, be long before the answers are sent, as the Porte has received the Report of the Commissioners to whom the matter had been referred; but the circumstance affords an instance of not unfrequent occurrence of the difficulty experienced in dealing with departments so imperfectly organized.

I have, &c.

(Signed) HENRY ELLIOT.

No. 68.

Sir H. Elliot to the Earl of Derby.—(Received December 21.)

My Lord, *Therapia, December 2, 1874.*

I HAVE the honour to inclose a copy of the note which, in execution of the instructions contained in your despatch of the 11th ultimo, I have addressed to Aarifi Pasha on the objectionable form of protest still given by the Suez Canal Company upon receiving the dues of vessels passing the Canal.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure in No. 68.

Sir H. Elliot to Aarifi Pasha.

Sir, *Therapia, December 2, 1874.*

WITH reference to my note of the 19th July, I have the honour to inform your Excellency that I am instructed again to call the attention of the Sublime Porte to the objectionable wording of the Protest issued by the Suez Canal Company upon receiving the payment of the duties of vessels passing through the Canal.

Your Excellency will see from the inclosed copy of the Protest given to Her Majesty's ship "Euphrates" on the 14th of October, which is the same as that given to all other vessels since the 28th of April last, that the Canal Company persists in the use of the form complained of.

* This was a mere formal transmitting letter.

The Protest affirms that the Company's "Acte de Concession" authorises it to levy the dues on the "real" capacity of the ships, whereas the 17th Article of the Concession, which regulates the tolls, makes no mention of the word "real," which entirely alters the sense of the Article.

Her Majesty's Government trust that the Sublime Porte will see the necessity of taking steps without delay for seeing that the Canal Company is restrained from the further use of the objectionable form of Protest.

I avail, &c.
(Signed) HENRY ELLIOT.

No. 69.

The Secretary to the Admiralty to Lord Tenterden.—(*Received December* 23.)

My Lord, *Admiralty, December* 22, 1874.

WITH reference to your letter of the 17th instant transmitting a memorandum prepared by Colonel Stokes, and suggesting certain points connected with the survey of the Port Saïd entrance to the Suez Canal, respecting which it may be desirable to obtain information, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Earl of Derby, that a copy of this Memorandum has been sent to the Commander-in-chief in the Mediterranean.

2. My Lords would observe that although the season of the year is not favourable for undertaking the observations now required between the Damietta mouth of the Nile and Port Saïd (referred to in Colonel Stokes' paper), no doubt the surveying officer and the commanding officer of the ship detached for this service will do their best to obtain the information requested.

I am, &c.
(Signed) ROBERT HALL.

No. 70.

Count Wolkenstein to the Earl of Derby.—(*Received December* 24.)

M. le Comte, *Belgrave Square, le* 23 *Décembre*, 1874.

D'ORDRE de mon Gouvernement, j'ai l'honneur d'adresser à votre Excellence la communication suivante :—

Aux termes d'un rapport du Consul d'Autriche-Hongrie à Port Saïd, en date du 27 Novembre dernier, les Agents de la Compagnie du Canal de Suez ont cru pouvoir assujettir le steamer "Polluce," qui appartient au Lloyd Autrichien, et qui faisait route pour Bombay à Port Saïd à un mesurage, quoique ce navire fût muni d'un certificat de jauge, délivré par l'autorité compétente, pour le passage dans le Canal.

Conformément au paragraphe 13 du Rapport final, résumant les travaux de la Commission Internationale pour le tonnage, réunie à Constantinople en 1873, un pareil certificat fait foi dans les ports étrangers et établit le tonnage net auquel doivent être appliquées les taxes à payer dans ces ports. Il est, en conséquence, évident que le certificat de jauge du "Polluce" aurait dû servir de base à la perception des taxes du Canal.

Bien que ce certificat ne constatât qu'un tonnage net de 1413·71 tonnes, les agents de la Compagnie du Canal de Suez évaluaient, conformément à leur mesurage, ce tonnage à 1428·75 tons; c'est-à-dire, 15·4 tons en sus. Ils déclarent être arrivés à ce résultat en faisant entrer dans la détermination du tonnage net l'espace destiné aux opérations de chargement. Les dits agents ayant exigé du capitaine du "Polluce" le paiement des taxes conformément au résultat de leur propre mesurage, le représentant du Lloyd Autrichien à Port Saïd a fait sa protestation contre cet acte chez le Consul d'Autriche-Hongrie, et ce dernier a fait transmettre, par l'intermédiaire des autorités Egyptiennes, cette protestation à la Compagnie du Canal de Suez.

Mon Gouvernement ayant appris que les agents de cette Compagnie avaient itérativement assujetti à un nouveau mesurage des navires Anglais, et tout particulièrement des steamers appartenant à la "Peninsular and Oriental Company," qui étaient munis de certificats de jauge délivrés, par les soins des autorités compétentes, expressément pour le passage dans le Canal, désirerait vivement être informé si des faits de cette nature se sont en effet produits.

D'après les informations reçues par mon Gouvernement, les agents de la Compagnie élèveraient des objections contre la jauge Anglaise, attendu que les cabines sur le pont destinées à servir de salle-à-manger aux officiers de bord, ainsi que les cabines destinées aux gens de service des passagers, ne sont pas comprises dans la fixation du tonnage net.

Je serais fort obligé à votre Excellence si elle voulait me faire parvenir, pour l'information de mon Gouvernement, les renseignements dont il est question.

Veuillez, &c.

(Signé) A. WOLKENSTEIN.

(Translation.)

M. le Comte, *Belgrave Square, December* 23, 1874.

BY order of my Government I have the honour to address the following communication to your Excellency.

According to a Report received from the Austro-Hungarian Consul at Port Saïd, dated the 27th of November last, the agents of the Suez Canal Company have assumed the right to subject to remeasurement at Port Saïd the steamer "Polluce," belonging to the Austrian Lloyd, and proceeding to Bombay, although that vessel was furnished with a tonnage certificate issued by the proper authorities for the passage through the Canal.

In virtue of paragraph 13 of the final Report, embodying the labours of the International Tonnage Commission, which assembled at Constantinople in 1873, such a certificate is valid in foreign ports, and establishes the net tonnage upon which should be levied the dues to be paid in those ports. It is, therefore, evident that the tonnage certificate of the "Polluce" should have served as basis for levying the Canal dues.

Although this certificate only showed a net tonnage of 1,413·71 tons, the agents of the Suez Canal Company estimated the tonnage, according to their measurement, at 1,428·75 tons, *i.e.*, 15·4 tons more. They state that they arrived at that result by including in the calculation of the net tonnage the space reserved for loading operations. The said agents having exacted payment from the Captain of the "Polluce" of the dues as established by their own measurement, the representative of the Austrian Lloyd at Port Saïd entered a protest against this proceeding at the Austro-Hungarian Consulate, and the latter transmitted the protest through the Egyptian authorities to the Suez Canal Company.

My Government having learnt that the Agents of the Company had on several occasions subjected British ships to remeasurement, and more especially the steamers of the Peninsular and Oriental Company, although furnished with tonnage certificates issued by the proper authorities expressly for the passage through the Canal, is very desirous of learning whether such proceedings have really occurred.

According to information received by my Government it would appear that the Agents of the Company raise objections to the English tonnage measurement on the grounds that the deck cabins intended to serve as mess rooms for the ship's officers, as well as the cabins for the use of passengers' servants, are not included in the calculation of the net tonnage.

I should be much obliged if your Excellency would furnish me with information on these points for communication to my Government.

I have, &c.

(Signed) A. WOLKENSTEIN.

No. 71.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, December* 24, 1874.

I APPROVE the note which your Excellency addressed to Aarifi Pasha on the 2nd instant, of which a copy is inclosed in your despatch of the same date, relative to the form of protest which continues to be given by the Suez Canal Company on the receipt of tonnage dues paid by vessels passing through the Canal.

I am, &c.

(Signed) DERBY.

No. 72.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, December* 24, 1874.

I HAVE to acknowledge the receipt of your Excellency's despatch of the 2nd instant, relative to the delay which has taken place in the answers to be returned by the Porte to the representations which you have made respecting certain charges made by the Suez Canal Company. I trust that the Porte will now have dealt with these matters, and that no further delay will take place in bringing them to a satisfactory settlement.

I am, &c.
(Signed) DERBY.

No. 73.

Major-General Stanton to the Earl of Derby.—(*Received December* 26.)

My Lord, *Cairo, December* 19, 1874.

I BEG leave to forward herewith to your Lordship the copy of a protest which has been lodged by Messrs. Bazin and Co. against the Suez Canal Company for measuring the British steam-ship "Fleurs Castle," although provided with a special Canal certificate issued by the Board of Trade.

The copy of the protest in question has been transmitted to me by Her Majesty's Vice-Consul at Port Saïd, at the request of Messrs. Bazin and Co., who are particularly anxious that it should be forwarded to Her Majesty's Government as a proof of the manner in which the Canal Company interfere with British vessels provided with the special tonnage certificates, and in the hope that measures may speedily be taken to put an end to this practice.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 73.

Protest.

BY this public instrument of protest be it known and made manifest unto all whom it may concern, that on the 8th day of December, 1874, personally appeared before me, Charles George Grey Perceval, Her Britannic Majesty's Vice-Consul at Port Saïd, Napoleon Alexander Coste, procurator and partner of the firm Bazin and Co., ship agents, who, on behalf of Captain Dickie and Thomas Skinner and Co., owners of the British steam-ship "Fleurs Castle," did protest as follows:—

Whereas the International Commission of Constantinople decided that a special certificate of tonnage for the Suez Canal would be delivered by the competent authorities of the country to which the ship belongs, and that this certificate would be legal and should be taken without alteration by the Suez Canal Company as the basis for the collection of Canal dues, therefore the said appeared as agent and on behalf of Captain Dickie and the owners of the steam-ship "Fleurs Castle," protests against the said Canal Company for compelling him, before the ship could enter the Canal, to pay dues on $1{,}817\frac{53}{100}$ tons instead of $1{,}811\frac{69}{100}$ tons, the real net tonnage of the said steamer "Fleurs Castle," according to Danube rule, as per special Suez Canal tonnage certificate delivered by the competent authorities of Great Britain.

And the said appearer requests that a certified copy of this protest be served upon the said Canal Company through the competent local authorities.

(Signed) N. A. COSTE.

No. 74.

The Earl of Derby to Count Wolkenstein.

M. le Chargé d'Affaires, *Foreign Office, December* 31, 1874.

I HAVE the honour to inform you, in reply to the inquiry made in your note of the 23rd instant, that the officers of the Suez Canal Company persist in remeasuring British vessels passing through the Canal, notwithstanding that they are provided with the proper Board of Trade certificate.

When this course of conduct on the part of the Company was first brought to the knowledge of Her Majesty's Government, they considered that, independently of the needless and illegal delay thus imposed upon every ship which passed through the Canal, an important general principle was thereby contravened by the Company. Her Majesty's Ambassador at Constantinople was accordingly requested to inform the Porte, that in the opinion of Her Majesty's Government the essence of the recommendations made by the International Commission, and adopted by the Porte, is that a ship's papers alone are to furnish the data from which the tolls due by that vessel are to be calculated; and that it is desirable to hold the Company to the strict fulfilment of the arrangement sanctioned by the Sublime Porte, and to require that the measurement of vessels by the Company should cease.

Sir H. Elliot has further pointed out to the Porte that if future difficulties in regard to the Suez Canal are to be avoided, it must be by the strict adherence of all parties to the conditions sanctioned by the Sultan, and the Porte has been requested to assert its authority in the matter.

No reply has yet been received to the representations which have thus been made to the Turkish Government. As soon, however, as I receive it, I shall have much pleasure in informing you of its terms, and also of any further steps which Her Majesty's Government may think it advisable to take.

I have, &c.
(Signed) DERBY.

No. 75.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, January* 8, 1875.

I APPROVE the steps taken by you with respect to the returns of the traffic through the Suez Canal, as reported in your despatch of the 5th ultimo.

I have to observe that it is advisable that, in addition to the publication of the names and tonnage of vessels passing through the Canal, made at Alexandria by the Agents of the Company, the Captain of the Port at Port Saïd and Suez should keep a register of these vessels. If their returns are made to specify the same particulars as those given in the Company's publication, the latter will be effectually controlled, provided the Harbour-masters obtain their information direct from the vessels or their agents, and not from the Company's officers.

You should obtain and forward to me periodically copies of the returns in question.

I am, &c.
(Signed) DERBY.

No. 76.

The Secretary to the Admiralty to Mr. Bourke.—(Received January 12.)

Sir, *Admiralty, January* 8, 1875.

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, a letter from Vice-Admiral Ryder, dated the 4th ultimo, giving an account of the passage of Her Majesty's ship "Audacious" through the Suez Canal.

I am, &c.
(Signed) ROBERT HALL.

Inclosure in No. 76.

Vice-Admiral Ryder to the Secretary to the Admiralty.

Sir, "*Audacious*," *Suez, December* 4, 1874.

I HAVE the honour to report, for the information of the Lords Commissioners of the Admiralty, that Her Majesty's ship "Audacious" arrived at Port Saïd on Sunday, the 29th November, and entered the Suez Canal on the following morning. She arrived at Suez yesterday morning, having been seventy-five hours on the passage through the Canal, but only forty-two under weigh.

2. On arrival at Port Saïd the "Audacious" was drawing 23 feet of water aft and 22 feet forward (mean 22 feet 6 inches).

The "Iron Duke," our sister ship, when she arrived, was drawing 22 feet 6 inches aft and 19 feet 6 inches forward, but trimmed to 21 feet 8 inches aft and 20 feet 4 inches forward (mean 21 feet). We expected to have to trim and bring the vessel on an even keel, or nearly so, but were informed that this was specially objected to, as making it more difficult to get vessels off when they ran into the bank.

3. We engaged the services of the Company's most powerful tug, and had the "Prompt" in attendance also astern. The most experienced pilot (Potomatus), who conducts all the troop-ships through, was secured for us by Captain Willoughby.

4. Various methods are adopted by vessels passing through, and we tried several.

(*a*.) The "Iron Duke" had a tug ahead, the transport despatch vessel "Prompt" always paddling astern, and did not use her own engines. We tried this plan first, and were run ashore, and had to lay out hawsers. The only difference between us and the "Iron Duke" was that we drew about 1 foot 6 inches more water, although we entered the Canal with only 60 tons of coal, just enough to carry us through and allow a margin for accidents, and we had a balanced rudder.

(*b*.) Tug ahead, but using our own screws, the "Prompt" paddling astern. Did not ground so as entirely to lose way, but frequently cannoned from side to side, the vessel heeling over two or three degrees.

(*c*.) Our own screws only, casting off both the tug and the "Prompt." We adopted this plan after half the Canal had been passed through, and went steadily through the worst parts of the Canal without touching either side, viz., for thirty miles, on the third day, but took a sheer at the last, which ran us into the bank, so that she "slewed" forward 2 feet.

5. I have no hesitation in saying, as the result of our experience, that the "Audacious," a twin screw ship with a balanced rudder, eminently calculated, therefore, for close accurate steering, will best go through the Canal entirely dependent upon her own resources. Whether, as a matter of prudence, the tug or the despatch vessel "Prompt," or both, should be in attendance, in case of collision owing to the bad steering of another vessel, is a matter for consideration. The expense of the tug in our case was 198*l*.

6. I may here mention that the most serious accident that has happened to any one of Her Majesty's troop ships (the "Serapis") arose from her being towed; the tug broke down without warning in the worst part of the Canal—the entrance of the Little Bitter Lake, where there is no ditch, but the ground slopes gradually up from the maximum depth—and the "Serapis," to prevent her running over the tug, was wisely run ashore by Captain Grant, but she had to cut up her decks and remove 800 tons of weight, viz., 500 tons of coal and 300 tons of stores, before she could be got off.

7. The captains of the troop-ships, when asked their opinions some time since, were divided, four being in favour of the tug ahead and four against; but now, the whole of them have given up being towed. The "Prompt," or her sister despatch vessel, is always in company.

Our pilot suggested, and I consented to, our having no tug ahead or astern, and as soon as we cast them off the cannoning ceased. We had touched probably fifty times during the first half of the Canal.

8. The cannoning from side to side, if it occurs frequently, is likely to injure the copper or zinc, and delays the vessel very much, as the engines have often to be stopped at the time. There is the risk also of the bilge keels (as has occurred in the troop-ships) lifting large masses of earth. One of these vessels, when suddenly

released by the earth falling off, was set rolling through large angles (14 degrees) sufficient to give entrance to water through the lower scuttles Moreover, a more than usually oblique cannon, arising from the bottom of the Canal, being a little wider than usual, might run the forefoot into the bank, and necessitate hawsers and anchors to extricate her, and, if it takes place in the lake, perhaps some days' delay, lighters to be sent for to lighten her.

9. We experienced some delay from "garing," hauling into a siding, to allow other vessels to pass in the opposite direction, which is ordered by signal from the stations. The being shunted in this way will become more and more frequent as the commerce increases, and before long a great portion of the time passed in the Canal will be in the shuntings. Several of the "gares" only hold three large vessels, and very little room is left to pass, as the bottoms of the "gares" appear, in some places, to be shoaler than the ditch, and we could not haul close in owing to our great beam.

10. Collisions can only occur when a vessel is passing a "gare" with a ship or ships in it. A wild vessel, not under proper control, and that is cannoning from side to side, may cannon into the "gare," and finding no bank to cannon off, will strike instead the vessel in the "gare."

Fenders are the only precaution that the vessels in the "gare" can take ("gared" vessels have been cut down to the water's edge); but the wild ship can control herself by adopting a practice which all the ships of a Dutch company have adopted with success; they drag through the Canal out of their hawscholes, two lengths of bower chain, which drag chains prevent them from swerving. The bottom is all sand or marl, and there is nothing to catch or injure the chain. We intended to try this if we had not found that the vessel was almost perfectly manageable when the tugs were cast off.

11. Instances have occurred in the case of very wild vessels of their having to be warped past a "gare," after several attempts to steam past with safety to the "gared" vessels.

12. *Wind.*—The wind aft we found mischievous, as increasing the tendency to swerve.

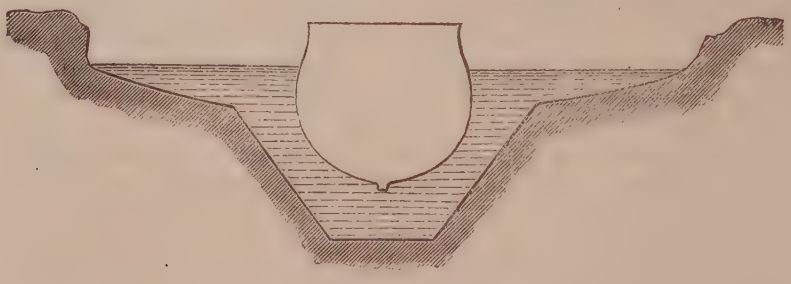
13. *Tide.*—There is a tide in the last few miles near to Suez, running four knots sometimes.

It is most prudent to have it against you. Signals are made from the stations as to the direction and rate of the tide.

14. *Currents.*—The tendency to cannon rapidly and wildly, developed at times, is attributed by Captain Willoughby and the pilot to under-currents after southerly winds.

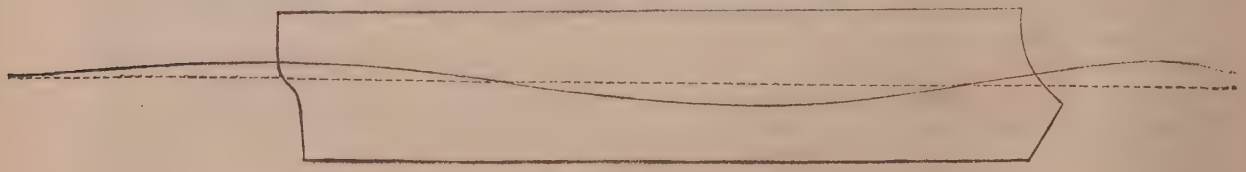
We could not test this.

The effect of the large mass of the ship moving through a narrow trough or ditch



is, of course, to leave a hole in the water behind, which the near water rushing in to fill up causes the water alongside to flow aft, and the water abaft to rush forward as a following wave; but the hull also drives a wave forward. This altered the draft, when we were going at about 4 knots, from 23 feet aft to 23 feet 6 inches, and forward from 22 feet to 22 feet 3 inches.

15. The following sketch is exaggerated to show the change:—

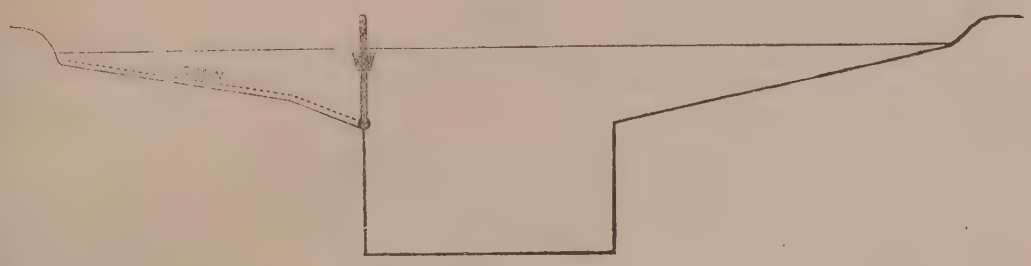


The dotted line is the ordinary level when the vessel is at rest; when in motion it assumes the shape indicated by the continuous line.

Counter currents and eddies are formed in different directions, very injurious to steady steering, and there is a risk to boats and small vessels attempting to pass a ship in motion in the Canal, as they are sucked towards her. The same action has a tendency to suck vessels out of the "gare" when a large ship is passing, and hawsers are often carried away.

16. *Posts, Anchors and Hawsers, Boats, &c.*—The frequent posts placed for the purpose of securing hawsers to are invaluable; we never had to lay out an anchor, although, of course, a kedge was hanging over the stern, nor had we to make a shore anchor with a spar. Two cutters with hawsers in them were kept towing alongside.

The Spar Buoys or Floating Piles.—At short intervals there are spar buoys secured by chains to the shore and by an iron weight to the edge of the ditch.



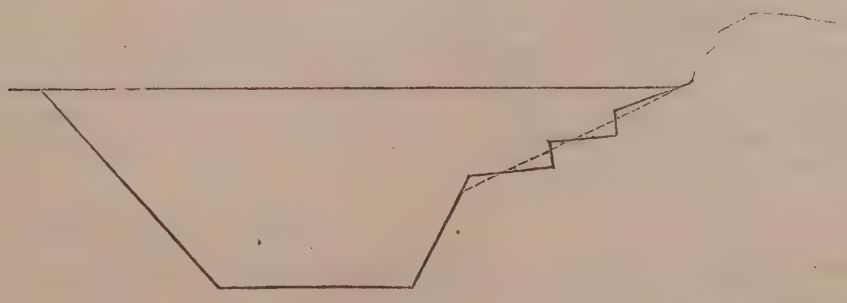
These disappeared just before the beam as we passed, sucked under by the current caused by so large a body in motion. We have reason to believe that only one was broken by us.

17. *Double screws.*—We anticipated great risk to our screws owing to their projection, but we have no reason to suppose they ever touched the bank. The pilot learned after a little time how to manage the ships capitally by their aid and the balanced rudder.

Recommendations.

18. *Shelves to be levelled.*—At the place where we struck on the third day, viz., at $78\frac{6}{10}$ miles from Port Saïd, the shelves on the bank under water have never been smoothed off, and the Canal authorities decline to finish the work since the decision of the International Committee.

Vessels frequently ground here, so we were informed by Captain Willoughby and the pilot. As the depth in the ditch is the same as elsewhere it is difficult to see why this should be.



The dotted line is what the shape should be, the continuous line is what it is.

I think it probable that the vessels are made wild by the action of the water pouring down the steps instead of quietly subsiding as it does when the bank is properly finished. This more rapid stream strikes impulsively against the quarter and most forcibly on the side to which the ship is nearest, thus twisting her round.

The authorities of the Canal should be pressed to dredge off these shoulders, or "benches," as they are called.

19. *Width of the Canal and "Gares;" the latter to be increased.*—At first sight, it might appear advisable that the Canal should be widened, but I am convinced that it would be a misfortune, as wild vessels that now cannon harmlessly from bank to bank

of the ditch, which is only 72 feet across, would then, instead of cannoning, dig their stems in and stick, perhaps for hours.

There should be a "gare" cut out opposite to each of the existing "gares," and kept empty, so as to allow vessels to pass without risk, and, if not feasible, the "gares" should be widened, if possible, and kept at the same depth as the ditch, so that the "gared" vessels would be more out of harm's way, and, as the commerce increases, the "gares" will probably have to be lengthened, so as to take in more vessels at the same time.

If a second canal is made, it should be, as nearly as possible, the same width and be "gared" in the same way. This would be a solution of the problem "how to provide for a very largely increased traffic," and as a provision in case of a serious stoppage. There should be passages (locks) from one canal to the other at intervals.

The expense of a second canal would, of course, be much less than the first.

20. *Draught of Water.*—The troop-ships pass with great success, drawing 22 feet aft, and 17 feet forward (5 feet by the stern). I believe this considerable difference of draught is one of the reasons, if they touch, why they do not stick.

Vessels of considerable draught will naturally be taken into the Canal drawing as little as possible, but I am of opinion it is quite open to question whether weights might not be judiciously added abaft to give the draught there a considerable preponderance, provided that, say 23 feet, is not much exceeded; but a vessel drawing 24 feet 6 inches lately passed through—with great difficulty, however.

21. *Coal.*—It must be remembered that, as the transit charge on coal is 17*s.* a ton, vessels rarely take in coal at Suez, and very little is kept there.

Vessels coming from the Mediterranean should, therefore, write or telegraph to the contractor at Port Saïd how much coal they will want at Suez, or they may be disappointed when they get there.

22. Captain Willoughby, R.N., Resident Transport Officer, came on board and accompanied us through the Canal. His advice was most useful.

23. Captain Colomb concurs in these remarks.

I have, &c.
(Signed) A. P. RYDER.

No. 77.

The Secretary to the Admiralty to Mr. Bourke.—(*Received January* 12.)

Sir, *Admiralty, January* 12, 1875.

WITH reference to your letter of the 5th instant,* inclosing copy of a further Memorandum from Colonel Stokes, R.E., in which he suggests that the officer commanding Her Majesty's ship "Shearwater" should, on her passage through the Suez Canal, make certain current observations for comparison with those about to be made in connection with the survey of Port Saïd, I am commanded by my Lords Commissioners of the Admiralty to request you will inform the Earl of Derby that a note has been made of this suggestion, and that when the results of Navigating Lieutenant Millard's survey of Port Saïd, and his observations on the currents of the neighbourhood are received, their Lordships will be in a position to decide whether any further observations are required, when the "Shearwater" passes through the Canal in the course of the present year.

I am, &c.
(Signed) ROBERT HALL.

No. 78.

Major-General Stanton to the Earl of Derby.—(*Received January* 16.)

My Lord, *Cairo, January* 5, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 11th ultimo, referring to the case of the steam-ship "Mesopotamia," and conveying the views of Her Majesty's Government as to the pretensions of the Suez Canal Company in connection with this case and the other points referred to in the Reports from Her Majesty's Vice-Consul at Port Saïd, inclosed in my despatches of the 25th September

* This was a mere formal transmitting letter.

and 1st October last; and I beg to inform your Lordship that I have forwarded to Mr. Perceval a copy of your Lordship's despatch for his guidance in connection with these Suez Canal questions, and have desired him to inform the Agents of the "Mesopotamia" that, as no special provision is made in the Company's Regulations suitable to the case in point, Her Majesty's Government consider her detention was illegal, and that in the absence of a special power conferred by its Regulations the Company ought to make good its claim, not by detention of the vessel, but by ordinary process of law; and, further, that Her Majesty's Government consider that the case of the "Mesopotamia" affords a good opportunity for establishing in the Egyptian Courts of Law that the Company is Egyptian and that its pretensions to be considered under the jurisdiction of the French Consulate must be abandoned.

I have, &c.
(Signed) EDWD. STANTON.

No. 79.

Major-General Stanton to the Earl of Derby.—(*Received January* 16.)

My Lord, *Cairo, January* 5, 1875.

I HAVE the honour to report that on the receipt of your Lordship's despatch of the 12th ultimo, instructing me to obtain from Mr. Vice-Consul Perceval a list of all vessels that have been re-measured by the Suez Canal authorities since the 29th of April last, under whatever flag, with particulars of tonnage, if obtainable, and stating if possible whether the vessel had a special Suez Canal certificate. I immediately forwarded a copy of your Lordship's despatch to Mr. Perceval for his information and guidance, and have desired him to furnish me with the return called for at his earliest convenience.

I further directed his attention to your Lordship's remarks with reference to the omission of of the masters of re-measured British vessels, to protest against the arbitrary proceedings of the Company, and have desired him to urge on the masters and agents of such vessels the importance of repairing this omission in future.

I fear Mr. Perceval may have considerable difficulty in obtaining a complete list of the vessels which have been re-measured by the Canal Company, as the agents may not in all cases be able, even if willing, to furnish the required information; and no assistance whatever can be reckoned on from the Canal authorities in this matter; for it is almost a certainty that they would decline to afford any information for the preparation of such a list.

I have, &c.
(Signed) EDWD. STANTON.

No. 80.

Major-General Stanton to the Earl of Derby.—(*Received January* 16.)

My Lord, *Cairo, January* 6, 1875.

WITH reference to the remarks contained in your Lordship's despatch of the 11th ultimo, on the report made by Mr. Vice-Consul Perceval as to the annoyances to which British vessels are subjected by the Suez Canal Company, I have the honour to forward herewith to your Lordship the copy of a despatch which I have this day received from that gentleman explaining that he did not mean to imply that British ships or shipowners are subjected to annoyances not inflicted on those of other nations.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure in No. 80.

Mr. Perceval to Major-General Stanton.

Sir, *Cairo, January* 6, 1875.

IN answer to your despatch of the 29th ultimo, I have the honour to report you to inform the Earl of Derby that in my despatch to you of September 26th last, I did not

mean to imply that British ships and shipowners are subjected by the Suez Canal Company to annoyances not inflicted on those of other nations, which I am not in a position to judge of, foreign vessels not coming under my notice.

I have, &c.

(Signed) C. G. G. PERCEVAL.

No. 81.

Sir H. Elliot to the Earl of Derby.—(Received January 18.)

(Extract.) *Constantinople, January 4, 1875.*

HAVING yesterday received your Lordship's despatch of the 24th ultimo, I this morning informed Aarifi Pasha that your Lordship had instructed me to express the hope that the Porte would deal at once with the questions relating to the Suez Canal, and that no further delay would take place in bringing them to a satisfactory settlement.

No. 82.

The Secretary to the Admiralty to Lord Tenterden.—(Received January 20.)

My Lord, *Admiralty, January 18, 1875.*

REFERRING to your letter of the 8th ultimo, pointing out an error on the part of M. Daubrée in supposing that Captain Willoughby's protest was against the charge of 50 centimes on the tonnage of the despatch-vessels "Hasty" and "Prompt," whereas it was against paying this additional toll on the tonnage of Her Majesty's Indian troop-ships, I beg to transmit herewith copy of the communications which have passed between M. Daubrée and Captain Willoughby on the subject.

I am, &c.

(Signed) VERNON LUSHINGTON.

Inclosure 1 in No. 82.

Captain Willoughby to the Director of Transport Services, Admiralty.

Sir, *Alexandria, January 4, 1875.*

IN compliance with your letter of the 15th ultimo, requesting me to take steps for rectifying an error contained in M. Daubrée's letter of the 23rd October last, I have the honour to report having called on that official and explained the matter to him, and beg herewith to forward an attested translation of his reply to my letter, copy of which is herewith inclosed.

I have, &c.

(Signed) JAMES B. WILLOUGHBY, *Captain, R.N.,*
Principal Transport Officer and Agent for the Government of India in Egypt.

Inclosure 2 in No. 82.

Captain Willoughby to M. Daubrée.

Sir, *Alexandria, January 1, 1875.*

WITH reference to my letter of October 19th, 1874, requesting you would be pleased to consider such letter as a renewal of a former protest made last season against the payment of 50 centimes on the tonnage of Her Majesty's Indian troop-ships for escort of the despatch-vessels "Hasty" and "Prompt," I beg to draw your attention to that passage of your letter dated 22nd October, 1874, accepting the same, but no doubt inadvertently, stating that I protested against the payment of 50 centimes on the tonnage of the small steamers "Hasty" and "Prompt" instead of on the troop-ships.

With, &c.

(Signed) JAMES B. WILLOUGHBY,
Principal Transport Officer and Agent for the Government of India in Egypt.

Inclosure 3 in No. 82.

M. Daubrée to Captain Willoughby.

(Translation.)

M. le Commandant, *Alexandria, January 4, 1875.*

I HAVE the honour to acknowledge the receipt of your letter of the 1st instant.

It is in consequence of a toll of 50 centimes a ton on the tonnage of Her Majesty's transports that you have protested by your letter of the 19th October, 1874.

I acknowledge, therefore, the receipt of your letter of protest, limiting myself to informing you that the toll against which you protest is in conformity with the 13th Article of the rules.

Accept, &c.

(Signed) E. DAUBREE, *l'Agent Supérieur.*

No. 83.

Colonel Stokes to the Earl of Derby.—(Received January 21.)

My Lord, *Brompton Barracks, Chatham, January 20, 1875.*

REFERRING to the communication contained in my private letter of the 4th ultimo, and to the conversation with which your Lordship honoured me on the following day, I have the honour to state that the arrangement which then received your Lordship's sanction, has been carried out. I have been appointed Commanding Engineer in this district, and commenced my duties yesterday, with the understanding that I am to render to your Lordship's Department of State such services as may be called for in connection with the Suez Canal question, and that, should these services render it necessary for me to go abroad for a time, leave will be granted me for that purpose.

I shall always be ready, as hitherto, to furnish your Lordship with such Memoranda or Reports as may be called for relative to the Suez Canal or to any other subject on which I am competent to speak, and to repair to the Foreign Office whenever it may appear desirable to refer any point to me personally rather than by correspondence.

I have, &c.

(Signed) J. STOKES.

No. 84.

Mr. Bourke to the Secretary to the Admiralty.

Sir, *Foreign Office, January 22, 1875.*

I HAVE laid before the Earl of Derby your letter of the 8th instant, and, in returning herewith your Report from Vice-Admiral Ryder therein inclosed, I am directed to request that you will express to the Lords Commissioners of the Admiralty his Lordship's thanks for the communication of that paper.

Lord Derby considered it advisable that this interesting Report should be printed for confidential circulation; and, in forwarding to you six printed copies of it, I am to request that you will inform me at your early convenience of the number of copies wanted, should you require a further supply.

I am, &c.

(Signed) ROBERT BOURKE.

No. 85.

Lord Tenterden to Mr. J. C. Vivian.

Sir, *Foreign Office, January 28, 1875.*

I AM directed by the Earl of Derby to request that you will state to Mr. Secretary Hardy that Colonel Stokes, who had previously been in communication with his Lordship on the subject, has now reported that he has resumed his duties under the War Office. Lord Derby has already expressed to Colonel Stokes entire approval of his

proceedings, and his Lordship desires to make known to Mr. Hardy his high sense of the valuable services which Colonel Stokes has rendered during his employment on the Suez Canal question.

I am to add that several matters in connection with this question are still under the consideration of Her Majesty's Government; and Lord Derby is glad to learn that Colonel Stokes' present employment will not preclude him from affording such further assistance as may be required, if it is necessary, either to refer papers to him or to request his attendance in London; and that, if he should be wanted to proceed abroad again, leave of absence will be granted to him for the purpose.

I am, &c.
(Signed) TENTERDEN.

No. 86.

The Earl of Derby to Colonel Stokes.

(Extract.) *Foreign Office, January* 28, 1875.

I HAVE to acknowledge the receipt of your despatch of the 20th instant, reporting that you have resumed your duties, under the War Office, as Commanding Engineer at Chatham.

I have already conveyed to you my entire approval of your proceedings while engaged in the Levant, on business connected with the Suez Canal question, and I have now to express my sense of the assistance which you have afforded in this matter since your return to England.

I inclose, for your information, a copy of a letter which I have caused to be addressed to the War Office on the subject of your services while engaged on this duty, and the future arrangements for enabling me to continue to communicate with you in England, and for employing you abroad if necessary.

I trust that these future arrangements will be satisfactory to you.

No. 87.

Major-General Stanton to the Earl of Derby.—(Received January 30.)

My Lord, *Cairo, January* 23, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 8th instant, approving of the steps taken by myself with respect to returns of the traffic through the Suez Canal, and observing that it is advisable that, in addition to the publication of the names and tonnage of vessels passing through the Canal, made at Alexandria by the Agent of the Company, the Captains of the Port, at Port Saïd and Suez, should keep a register of these vessels, and I beg to inform your Lordship that I propose to again call the attention of the Egyptian Government to this matter, and to request them to issue the necessary orders to the Harbour Masters at Port Saïd and Suez to insure proper registers being kept by these officers of the traffic through the Suez Canal, as also to furnish me with periodical copies of the return in question, for communication to your Lordship.

I have, &c.
(Signed) EDWD. STANTON.

No. 88.

Sir H. Elliot to the Earl of Derby.—(Received February 5.)

My Lord, *Constantinople, January* 25, 1875.

I HAVE strongly urged Safvet Pasha to allow no further loss of time in returning an answer to the representations which I had made by your Lordship's orders on the subject of the Seuz Canal dues.

The report of the persons to whom the question had been referred had, I said, been for many weeks in the possession of his Excellency's predecessor; and the case was so simple that there was no pretext for not at once coming to a decision.

Safvet Pasha said he had not had time as yet to look at the papers, but he promised that they should be dealt with as quickly as possible.

I have, &c.
(Signed) HENRY ELLIOT.

No. 89.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, February* 9, 1875.

HER Majesty's Government approve the language held by you to Safvet Pasha, as reported in your Excellency's despatch of the 25th ultimo, with respect to the delay on the part of the Porte in returning an answer to the representations which have been addressed to them on the subject of the Suez Canal dues.

Your Excellency will continue to remonstrate strongly against any further delay in regard to this matter.

I am, &c.
(Signed) DERBY.

No. 90.

Sir H. Elliot to the Earl of Derby.—(Received February 15.)

My Lord, *Constantinople, February* 5, 1875.

I HAVE the honour to inclose the copy of a note which I have this morning received from Safvet Pasha respecting the towage dues on the Suez Canal.

In acknowledging its receipt by the inclosed note, I have taken the opportunity of again pressing for an answer to my former representations upon the practice still maintained by the Company of causing ships furnished with the proper certificate to be remeasured and to pay the dues on the Company's estimate of their towage.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure 1 in No. 90.

Safvet Pasha to Sir H. Elliot.

M. l'Ambassadeur, *Sublime Porte, le* 4 *Juin*, 1875.

J'AI pris connaissance des notes que votre Excellence a bien voulu adresser à mon prédécesseur relativement à la perception des droits de remorquage par la Compagnie du Canal de Suez, et j'en ai fait l'objet d'un examen spécial.

Votre Excellence appelle l'attention du Gouvernement Impérial sur la prétention de la Compagnie d'imposer une taxe de remorquage aux navires qui sont convoyés par des bateaux à vapeur appartenant à leurs armateurs, et elle nous informe qu'un transport à vapeur de la marine Anglaise a dû payer un droit de remorquage en sus de la taxe de navigation parce qu'en traversant le Canal il était accompagné d'un petit bateau à vapeur de la même Marine qui le précédait en éclaireur.

Je reconnais, M. l'Ambassadeur, que c'est là de la part de la Compagnie un procédé qui demande explication, mais votre Excellence trouvera juste que le Gouvernement Impérial s'abstienne de se prononcer jusqu'à ce qu'il ait entendu l'Administration du Canal.

Je me borne donc pour le moment à informer votre Excellence que le Gouvernement Impérial ne manquera pas d'interpeller la Compagnie à ce sujet, et de lui communiquer sa manière de voir dans cette question.

Veuillez, &c.
(Signé) SAFVET.

(Translation.)

M. l'Ambassadeur, *Sublime Porte, June* 4, 1875.

I HAVE made myself acquainted with the notes which your Excellency was good

enough to address to my predecessor in reference to the tonnage dues levied by the Suez Canal Company, and I have given them special consideration.

Your Excellency draws the attention of the Imperial Government to the claim of the Company to impose a towage due on ships which are accompanied by steamers belonging to their owners, and informs us that a steam troop-ship of Her Majesty's Navy has been obliged to pay, besides navigation dues, a towage due, because in passing through the Canal it was accompanied by a small steamer also belonging to Her Majesty's navy which preceded it as tender.

I acknowledge, M. l'Ambassadeur, that such a proceeding on the part of the Company requires an explanation, but your Excellency will see the justice of the Imperial Government refraining from giving any opinion until it has heard the Administration of the Canal.

I confine myself for the present to informing your Excellency that the Imperial Government will not fail to ask for an explanation from the Company, and to communicate to you their views on the subject.

I have, &c.
(Signed) SAFVET.

Inclosure 2 in No. 90.

Sir H. Elliot to Safvet Pasha.

Sir, *Constantinople, February* 5, 1875.

I HAVE the honour to acknowledge your Excellency's note of yesterday's date in answer to my communications in reference to the towage dues charged by the Suez Canal Company.

It shall at once be forwarded to Her Majesty's Government.

Your Excellency will allow me to avail myself of this opportunity to call your attention to the still more important point connected with the proceedings of that Company in causing the vessels duly provided with the special register to be remeasured, and to pay their dues upon the Company's measurement.

The representations on this subject were made to the Sublime Porte by order of my Government many months ago, and were referred for the opinion of two of the Imperial Commissioners on the late International Commission.

I was informed by your Excellency's predecessor that their report entirely confirmed the view of Her Majesty's Government, but up to the present time no step has been taken to prevent the continuance of the overcharge and inconvenience to which the vessels are subjected, and the Company is still permitted to defy the orders of the Imperial Government, issued in conformity with the decision of the International Commission.

I trust that your Excellency will enable me to inform Her Majesty's Government that the necessary steps have been taken to restrain the Company within their legal limits.

I avail, &c.
(Signed) HENRY ELLIOT.

No. 91.

Sir A. Buchanan to the Earl of Derby.—(Received February 15.)

My Lord, *Vienna, February* 11, 1875.

WITH reference to your Lordship's despatch of the 23rd ultimo, I mentioned to Count Andrassy the substance of the Report which it inclosed, relative to the passage of Her Majesty's ship "Audacious" through the Suez Canal; and, in compliance with his Excellency's wishes, I have sent him a copy of the Report for his perusal.

I have, &c.
(Signed) ANDREW BUCHANAN.

No. 92.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, February* 16, 1875.

HER Majesty's Government approve the note which you have addressed to the Porte, a copy of which is inclosed in your Excellency's despatch of the 5th instant, relative to the towage dues charged by the Suez Canal Company upon the tenders of Indian troop-ships, and the remeasurement by that Company of British vessels already provided with the Board of Trade Certificate.

I am, &c.
(Signed) DERBY.

No. 93.

Major-General Stanton to the Earl of Derby.—(Received February 23.)

My Lord, *Cairo, February* 8, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 23rd ultimo, transmitting for my information, a copy of a report made by Vice-Admiral Ryder to the Secretary to the Admiralty, relative to the passage of Her Majesty's ship "Audacious" through the Suez Canal; and I venture to request your Lordship's instructions as to whether I should communicate to the Canal Company Admiral Ryder's recommendation as to dredging off the "benches" or shelves referred to in paragraph 18 of the Report, and as to the increased accommodation required in the gares" referred to in paragraph 19.

I have, &c.
(Signed) EDWD. STANTON.

No. 94.

The Earl of Pembroke to Mr. Bourke.—(Received February 24.)

Sir, *War Office, February* 22, 1875.

IN acknowledging the receipt of your letter of the 28th ultimo, I am directed to acquaint you, for the information of the Earl of Derby, that Mr. Secretary Hardy has learned with much satisfaction that the services of Colonel Stokes, C.B., R.E., in connection with the Suez Canal question, have been attended with such very satisfactory results; and I am at the same time to state that if this officer is again required to give temporary assistance in the matter, every facility that is practicable will be afforded by this Department.

I am to add that Colonel Stokes resumed his regimental duty on the 18th ultimo.

I have, &c.
(Signed) PEMBROKE AND MONTGOMERY.

No. 95.

Colonel Stokes to the Earl of Derby.—(Received February 26.)

(Extract.) *London, February* 26, 1875.

THE Board of Trade has been good enough to furnish me at my request with Returns of vessels measured under the Rules proposed by the International Tonnage Commission from the first institution of the Suez Certificate issued in conformity with those Rules up to the end of last month.

I have analysed these Returns with a view to ascertaining the effect of the Constantinople Rules on the tonnage of steamers generally, and to test the accuracy of the surtax adjustment for Suez tolls which was recommended by the Tonnage Commission.

The inclosed analysis shows:—

First. That the increase to the gross tonnage of vessels under these Rules is very slight, being only 1 per cent. on 146 vessels of a total gross tonnage of 297,240 tons.

Secondly. That the net tonnage of the same vessels is only increased 6·3 per cent.

Thirdly. That although in individual cases inequalities arise, on the total figures the adjustment of the surtax established from the measurement of 31 vessels is justified by the results obtained from 146.

Lastly. That if the Constantinople arrangement and Rules were carried out in their integrity, navigation would immediately be benefited to the extent of nearly one-third of the extra dues levied illegally by the Suez Company from July 1872 to April 1874.

If your Lordship sees no objection, I think that the figures of the inclosed analysis might be communicated to the members of the proposed Conference on the Danube navigation about to be held at the Board of Trade, in which your Lordship has invited me to take part. They might also be of interest to the Governments that were represented in the International Tonnage Commission.

Inclosure in No. 95.

ANALYSIS of Vessels measured by the Board of Trade for Suez Certificates up to January 31, 1875, showing effect of the Constantinople Tonnage Rules on vessels, and a Comparison of Dues paid to the Suez Canal under M. de Lesseps' regulation of 1872, and the Constantinople arrangement.

Total number of vessels measured			168
Deduct—			
Her Majesty's vessels of war and troop ships, and foreign vessels not previously measured in this country	21		
One vessel whose reduced tonnage evidently arises from a change in the construction, and not from the operation of the Rules	1		
		——	22
			146

Of these 146 vessels, the net tonnage of 98 was previously determined under paragraph (*a*) of Clause 23 of the Merchant Shipping Act of 1854; the remaining 48 received their net tonnage under paragraph (*b*) of the said Clause and Act.

To judge, therefore, of the operation of the Tonnage Rules recommended by the International Tonnage Commission, and faithfully carried into effect in the Board of Trade Suez certificate, these two classes of vessels must be separately considered; the latter being only affected in the addition made to their gross tonnage by the Constantinople Rules, and in the limitations imposed on the deductions for engines and crew space. The classes are herein designated A and B.

CLASS A.

	Tons.
The total gross tonnage of those 98 vessels, according to their papers under existing Acts, is	192,487
Under the Suez certificates it is	194,146
Or an increase of 0·8 per cent.	
Their total net tonnage under existing Acts is	124,281
Under the Suez certificates it is	135,660
Or an increase of 9·6 per cent.	

The effect of the Rules on individual vessels is as follows:—

No. of Vessels.	Whose Gross Tonnage is increased per Cent.	No. of Vessels.	Whose Gross Tonnage is increased per Cent.
6	0·3	3	1·2
8	0·4	4	1·3
13	0·5	1	1·5
16	0·6	2	1·6
15	0·7	1	1·7
7	0·8	1	1·8
6	0·9	2	2·3
8	1·0	1	3·5
4	1·1		

No. of Vessels.	Whose Net Tonnage is—		No. of Vessels.	Whose Net Tonnage is—	
	Decreased per Cent.	Increased per Cent.		Decreased per Cent.	Increased per Cent.
1	6	..	1	..	6
1	3	..	9	..	7
3	2	..	10	..	8
1	1	..	7	..	9
1	0·5	..	8	..	10
1	..	0·9	6	..	11
2	..	1·0	14	..	12
2	..	2	14	..	13
2	..	4	8	..	14
3	..	5	4	..	15

	Tons.
The average gross tonnage of Class A, under the Suez certificate, is $\frac{194146}{98}$, equal to ..	1,981
The average net tonnage, under ditto, is $\frac{135690}{98}$, equal to	1,384

The net tonnage, therefore, shows a reduction of 30·2 per cent. on the gross.

A comparison of the dues which these vessels would have paid under M. de Lesseps' gross tonnage of 1872 with those paid under the clauses of the arrangement made at Constantinople, stand as follows :—

		Francs.
1872.	Gross tonnage, 192,487 × 10 fr.	1,924,870
1874.	Net tonnage, under Act of 1854, 124,281 × 14 fr.	1,739,934
	Net tonnage, under Suez certificate, 135,660 × 13 fr.	1,763,580
	Difference of two last..	23,646
	If the increase in the gross tonnage due to the Constantinople Rules is considered, or, 194,146—192,487=1,659 × 13 fr.	21,567
	There appears only the very slight difference of	2,079

Between the two Rules of the arrangement, showing that the adjustment of the surtax to the two kinds of papers proposed by the British Delegates was an equitable one.

The above figures show also that the arrangement would give an immediate relief of nearly 9 per cent. to this class of vessels if the Board of Trade certificates were accepted. But as the Suez Canal authorities by their measurement generally increase the net tonnage shown on the certificate, a part of this relief is lost.

The analysis above given shows that nearly one-half ($\frac{46}{98}$) of the vessels in Class A pay more than the average on which this relief is computed.

Class B.—The forty-eight vessels in this Class are on average larger than those in Class A.

	Tons.
Their mean gross tonnage under the certificate is $\frac{106080}{48}$, equal to	2,210
Mean net tonnage ditto, $\frac{70916}{48}$, equal to	1,477

The net tonnage therefore shows a reduction of 33·2 per cent. on the gross.

	Tons.
The total gross tonnage of these 48 vessels, under existing Acts, is	104,752
Under the Suez certificate, is	106,080

Or an increase of 1·2 per cent.

	Tons.
The total net tonnage under existing Acts, is	69,921
Under the Suez certificate	70,916

Or an increase of 1·4 per cent.

The individual differences are so slight, that a separate analysis of them is not given. The increase above is due to the Constantinople Rules.

	Francs.
These vessels, on the gross tonnage of 1872, would pay 104,752 tons × 10 fr. ..	1,047,520
Under Suez certificate, 70,916 tons × 13 fr.	921,908

And would thus obtain a relief of 12 per cent., if not remeasured at Port Saïd.

If the Classes A and B are amalgamated for the purpose of showing to what extent the whole navigation would be relieved by the operation of the certificates, we have :—

	Francs.
Gross tonnage of 146 vessels in 1872, 297,240 tons × 10 fr.	2,972,400
Net tonnage of ditto under Suez certificate, 206,576 tons × 13 fr.	2,685,488

Or a relief of nearly 10 per cent.

The gross tonnage of these 146 vessels is increased from 297,240 to 300,227 tons, or 1 per cent.

Their net tonnage from 194,202 to 206,576 tons, or 6·3 per cent.

(Signed) J. STOKES.

No. 96.

The Secretary to the Admiralty to Mr. Bourke.—(Received March 1.)

Sir, *Admiralty, February 27, 1875.*

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Earl of Derby, that Vice-Admiral the Honourable Sir James Drummond, the Naval Commander-in-chief in the Mediterranean, has proceeded in Her Majesty's vessel "Helicon," to visit Port Saïd and Suez.

I am, &c.

(Signed) ROBERT HALL.

No. 97.

Mr. Bourke to Major-General Stanton.

Sir, *Foreign Office, March 2, 1875.*

I AM directed by the Earl of Derby to state to you, in reply to your despatch of the 8th ultimo, that his Lordship does not consider it necessary that you should communicate Admiral Ryder's recommendations as to additional works to the Suez Canal Company.

The improvements suggested are included in the Schedule of Works which is annexed to M. de Lesseps' letter of January 31, 1874, to the Egyptian Minister of the Interior.

I am, &c.

(Signed) ROBERT BOURKE.

No. 98.

Major-General Stanton to the Earl of Derby.—(Received March 9.)

My Lord, *Cairo, February 25, 1875.*

WITH reference to your Lordship's despatch of the 8th ultimo, regarding the registers which should be kept by the Captains of the Port at Port Saïd and Suez, of the vessels passing through the Suez Canal, I have now the honour to forward to your Lordship the copy of a despatch which I have received from Cherif Pacha, informing me that the Egyptian Government has decided that the Captains of the Port at Suez and Port Saïd should be called upon to register the official tonnage of all vessels passing through the Canal, and that instructions to this effect had been already sent to these officers.

His Excellency adds that the Returns prepared by these officers, which will be compiled from information procured directly from the commanders of the vessels, or from their agents at Suez and Port Saïd, will be published periodically by the Egyptian Government.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 98.

Chérif Pasha to Major-General Stanton.

M. l'Agent et Consul-Général, *Caire, le 22 Février, 1875.*

JE n'ai pas manqué de mettre sous les yeux du Khédive la dépêche que vous m'avez fait l'honneur de m'adresser à la date du 27 Janvier dernier, au sujet des

mesures à prendre par le Gouvernement Egyptien à l'effet de contrôler les états, fournis par la Compagnie du Canal de Suez, du tonnage des navires transitant par le Canal. Son Altesse prenant en considération les motifs d'intérêt général, mis en avant par le Gouvernement Britannique, a fait transmettre à son Conseil Privé le texte de votre dépêche, et j'ai le plaisir de vous informer aujourd'hui, que le Conseil a décidé que les Capitaines de Port à Suez et à Port Saïd seraient invités à relever le tonnage officiel de tous les navires transitant par le Canal. Ces officiers ont déjà reçu des instructions à cet effet.

Les états, qui seront par eux adressés sur les informations prises directement des capitaines des navires ou de leurs agents à Suez et à Port Saïd, seront publiés périodiquement par les soins du Gouvernement Egyptien.

Veuillez, &c.
(Signé) CHERIF.

(Translation.)

M. l'Agent et Consul-Général, *Cairo, February* 22, 1875.

I HAVE not failed to lay before the Khedive the note which you did me the honour to address to me on the 27th of January last, relative to the measures to be taken by the Egyptian Government with a view to verify the returns furnished by the Suez Canal Company of the tonnage of vessels passing through the Canal. His Highness, taking into consideration the grounds of general interest put forward by the British Government, has communicated to his Privy Council the text of your note, and I have much pleasure in informing you that the Council has decided that the captains of the port at Suez and Port Saïd shall be directed to take note of the official tonnage of all vessels passing through the Canal. Those officers have already received instructions to that effect.

The returns drawn up by them on information derived directly from the ships' captains or their agents at Suez and Port Saïd, will be periodically published by the Egyptian Government.

I have, &c.
(Signed) CHERIF.

No. 99.

Major-General Stanton to the Earl of Derby.—(*Received March* 9.)

My Lord, *Cairo, February* 25, 1875.

WITH reference to your Lordship's despatch of the 12th of December last, instructing me to obtain from Mr. Vice-Consul Perceval a list of all vessels that have been remeasured by the Suez Canal Authorities, since the 29th of April last, I have the honour to forward herewith to your Lordship a copy of a despatch which I have received from that gentleman, inclosing a list of those vessels which, he states, comprises all which have passed through the Canal, except men-of-war, between the 29th of April and the 31st of December last.

Mr. Perceval has further explained to me in a private letter that he had experienced very great difficulty in obtaining the information contained in this list, and that it was impossible to obtain perfectly correct information, as no note had been kept in many cases, and the agents only knew the sums they had paid, and were unable to recollect, in many instances, whether the vessels had Special Canal Certificates or not. He has consequently been obliged, in the great majority of cases, to leave the column for "Special Certificate" blank, not being able to ascertain whether these vessels had such certificates or not; and he adds that, although he has made known the opinion of Her Majesty's Government, that masters or agents of vessels remeasured should protest against the Company, they cannot, as a rule, be persuaded to do so, as they consider that it is throwing money away.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 99

Vice-Consul Perceval to Major-General Stanton.

Sir, *Port Said, February* 6, 1875.

IN compliance with the instructions contained in your despatch of the 30th December last, I have the honour to inclose herewith a list of vessels of all nations remeasured by the Suez Canal Company from the 29th April to the 31st December, 1874, and which, I may say, comprises all vessels passed through the Canal, except men-of-war.

The particulars were obtained from the agents of the vessels and the Post Office.

Although I have intimated to the agents the desirability of protests being made in the cases of vessels being remeasured, I cannot compel them or the masters of the ships to protest, and some vessels have lately been measured by the Company without any protest being made.

I have, &c.
(Signed) CHARLES G. G. PERCEVAL.

Inclosure 2 in No. 99.

List of Vessels Remeasured by the Suez Canal Company from April 29 to December 31, 1874.

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
City of Mecca	British	1,461·64	..	1,483·95	
Europe	„	528	..	528·10	
Hector	„	*1533·90* 1,434	*1533·46*	1,545·05	+
Penguin	„	1,123	..	1,134·47	
Arbitrator	„	814	..	820·97	
City of Poonah	„	1,456	..	1,462·29	
Madagascar	German	845	..	845·09	
Duke of Buccleuch	British	1,942	..	1,977·23	
City of Manchester	„	2,046	..	2,083·865	
Amboto	Spanish	914	..	1,057·28	
Historian	British	1,202	1,233·22	1,222·44	Not measured by Board of Trade.
Whampoa	„	2,487	..	2,520·978	
City of Cambridge	„	1,490	..	1,519·02	
Chancellor	„	1,329	..	1,337·121	
Glenroy	„	1,370	*1,500·03* 1,504·71	1,500·03	=
Blythewood	„	770	..	777·410	
South Tyne	„	985	..	1.003·16	
Glamis Castle	„	1,539	*1,674·38*	1,674·38	=
City of Carthage	„	1,716	..	1,759·76	
Enmore	„	1,122	..	1,154·96	
Parsee	„	1.015	..	1,014·78	
Glengyle	„	1.266	*1,271·63*	1,275·54	+
Strathclyde	„	1,254	..	1,276·64	
Glenartney	„	1,371	*1,432·90* 1,444·24	1,396·90	−
Galley of Lorne	„	1,390	*1,607·45*	1,623·60	+
County of Sutherland	„	1,695	*1,687·80* 1,698·75	1,741·194	+
Cawdor Castle	„	1,419	*1,524·42* 1,529·37	1,434·131	−
Glenfinlas	„	1,367	*1,472·06*	1,474·89	+
Bræmar Castle	„	*1,425·77* 1,499	*1,531·78* 1,536·99	1,431·042	−
Gordon Castle	„	*1,312·26* 1,280	*1,458·63*	1,302·225	−
West Stanley	„	992	..	1,021·112	
Hindoo	„	2,504	*2,521·99*	2,549·176	+
Duke of Argyll	„	1,970	*2,218·54*	2,023·561	−
Duke of Devonshire	„	1,941	*2,185·51*	1,989·318	−
Statesman	„	1,209	..	1,250·013	

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
Duke of Sutherland ..	British ..	1,967	..	2,041·278	
Somerset	„ ..	655	..	625·03	
City of Oxford	„ ..	{ *1,496·99* 1,490	*1,705·44*	1,516·31	—
Warrior	„ ..	797	..	797·08	
Duke of Lancaster ..	„ ..	1,944	*2,107·06*	2,145·84	+
Oxfordshire	„ ..	1,228	..	1,247·832	
Teviot	„ ..	1,261	..	1,315·596	
Yorkshire	„ ..	1,771	..	1,781·642	
Glenlyon	„ ..	1,373	{ *1,492·52* 1,500·50 }	1,384·485	—
James V. Stephenson ..	„ ..	1,544	..	1,636·142	
Caledonian	„ ..	1,851	..	1,883·263	
Cheops..	„ ..	984	..	1,007·260	
Normanby	„ ..	665	..	638·56	
Ennerdale	„ ..	797	*895·04*	812·22	—
Lord of the Isles.. ..	„ ..	1,846	..	1,896·304	
Banca	„ ..	236	..	230·91	
Rosario	„ ..	775	..	797·38	
Fénélon	French ..	732	..	995·838	
Brisbane	British ..	892	*920·76*	926·82	+
Fleurs Castle	„ ..	1,622	*1,811·69*	1,817·53	+
Guy Mannering	„ ..	2,115	..	2,159·07	
Trident	„ ..	1,166	..	1,188·47	
Erl King	„ ..	1,707	*1,704·66*	1,712·04	+
Aristocrat	„ ..	955	..	960·66	
Pelayo	„ ..	1,280	*1,294·24*	1,300·74	+
Minerva	„ ..	1,026	*1,131·54*	1,036·30	—
Singapore	„ ..	964	*944·69*	949·46	+
Ellen Gowan	„ ..	37	..	36·10	
Simla	„ ..	1,177·74	..	1,433·43	
Khedive	„ ..	2,092·61	{ *2,156·80* 2,166·80 }	2,180·31	+
Ægean..	„ ..	836·45	..	836·45	
V. Schilizzi	„ ..	821·28	..	827·20	
Renown	„ ..	735·88	..	758·85	
Cathay..	„ ..	1,884·27	1,978·05	1,996·30	+
Excelsior	„ ..	917·31	..	925·59	
Amelia..	„ ..	1,090	*1,206·94*	1,090·29	—
Timsah	„ ..	907·29	..	936·122	
Elgin	„ ..	889·05	None	905·805	
Mirzapore	„ ..	2,090	*2,164·84*	..	
John Tennant	„ ..	1,451	..	1,529·865	
Peter Jebsen	Norwegian ..	807·21	None	838·204	
Livorno	Italian ..	863·44	..	1,056·088	
Corinna	British ..	696·74	..	700·44	
Australia	„ ..	{ *2,298·18* 2,288 }	2,315·40	..	
Bokhara	„ ..	1,775·17	1,826·29	1,840·73	+
Mongolia	„ ..	1,584·56	1,627·63	1,645·59	+
Muriel..	„ ..	761·32	..	781·991	
Gunga	„ ..	797·57	..	814·588	
Vanessa	„ ..	866·58	..	870·977	
Bellona	„ ..	1,226·45	..	1,236·625	
Queen Victoria	„ ..	1,384	*1,541·46*	1,396·37	—
Malawa	„ ..	{ *1,175·97* 1,775·97	*1,821·21* 1,821·21	*1,842·74* 1,842·74	} +
Indus	„ ..	2,234·76	2,255·47	2,263·61	+
Tagus	„ ..	{ *1,539·55* 1,547·29 }	*1,536·85*	1,547·29	+
Malda	„ ..	1,268	..	1,281·86	
Sultan	„ ..	1,890	*1,919·14*	1,943·754	+
Bangalore	„ ..	1,178·49	1,199·87	1,201·58	+
Irawaddy	„ ..	1,646·61	1,861·16	1,866·13	+
Maitalan	„ ..	1,646·45	*1,857·97*	1,662·49	—
Cella	„ ..	1,307·67	..	1,323·376	
Hydaspes	„ ..	{ *1,870·79* 1,890·70	*8* 2,001·03 }	2,013·53	+
Malacca	„ ..	1,044·62	1,106·26	1,119·83	+
Chelydra	„ ..	963	..	972·132	
Roma	Italian ..	943·40	None	1,137·705	
Cerdiè	British ..	909·58	..	923·834	
Midlothian	„ ..	827	..	830·189	
Red Gauntlet	„ ..	917·64	..	928·09	

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
Horse Guards	British	909·78	*988·39*	919·460	—
Joseph Dodds	„	832·35	..	837·83	
Huron	„	1,671·38	{ *1,688·87* / 1,714·03 }	1,736·29	+
Ithuriel	„	753·28	..	768·338	
Commissariat	„	631·82	..	641·459	
Head Quarters	„	735·04	..	741·394	
Avoca	„	{ *904·50* / 1,900 }	*983·73*	..	
Viceroy	„	{ *1,843·01* / 1,826·78 }	*1,869·47*	1,892·385	+
Burmese	„	1,268·51	..	1,296·496	
Peshawur	„	2,103·41	2,181·20	2,199·61	+
Coromandel	„	1,290·92	*1,449·64*	1,449·64	=
Atholl	„	1,076·26	None	1,093·799	
Craigforth	„	862·82	..	864·42	
Hutton	„	1,528·16	..	1,563·018	
Ariel	„	722·52	..	728·534	
Hindostan	„	1,746·47	1,816·88	1,832·07	+
Gresham	„	{ *1,092·26* / 1,161·94 }	*1,215·46*	1,187·950	—
Khiva	„	1,506·24	1,530·75	1,541·09	+
Fenella	„	813	*813·84*	813·84	=
Mactan	Spanish	410·59	..	430·26	
Benledi	British	999·53	*1,070·99*	1,019·31	=
Pekin	„	{ *2,098·56* / 2,089 }	*2,156·54*	..	
Boadicea	„	865·41	..	892·46	
Caradoc	„	861·19	..	903·786	
Sumatra	Dutch	{ *9* / 1,756·36 }	*1,775·11*	1,814·598	+
Tanjore	British	1,289·84	1,338·50	1,359·97	+
Glenfalloch	„	1,386	*1,497·75*	1,403·725	—
Africa	„	1,317·97	*1,409·25*	1,414·49	+
Kashgar	„	1,514·74	1,545·20	1,554·83	+
Life Brigade	„	977·88	..	990·976	
Lorne	„	1,034·70	..	1,046·216	
Nizam	„	1,727·49	1,686·32	1,699·53	+
Australia (*ante*)	„	{ *98·18* / 2,287·53 }	2,015·40	2,340·03	+
Lombardy	„	1,726·05	1,693·65	1,695·57	+
St. Olaf	Norwegian	1,316·10	..	1,329·20	
Ferntower	British	700·22	..	725·59	
Zambesi	„	1,540·34	1,600·64	1,610·63	+
Glenearn	„	1,370·08	*1,437·61*	..	
Sumatra	„	1,757	..	1,404·725	
Torino	Italian	784·842	..	1,015·145	
Bacoloa	Spanish	76·43	..	93·83	
Borrowdale	British	990·77	*1,002·27*	1·002·27	=
Ethiopia	„	1,314·09	1,405·62	1·412·55	+
Queen Anne	„	1,737·66	1,886·66	1·892·94	+
Bewick	„	955·73	..	975·39	
Mandalay	„	1,242·78	1,423·20	1,433·87	+
Milton	„	992·22	1,002·26	1,002·26	=
Genova	Italian	1,034	..	1,036·60	
Constance	British	635·45	..	636·03	
Marina	„	861·42	..	874·13	
Harald Haarfagu	Norwegian	1,368	..	1,379·15	
Chancellor	British	1,329	..	1,337·121	
King Arthur	„	1,047·49	*1,047·11*	1,092·23	+
Venetia	„	1,728·86	1,675·72	1,685·67	+
Rokeby	„	721·24	..	727·20	
India	Swedish	930·89	..	900·82	
Killarney	British	1,060	..	1,113·861	
Kjobenhaon	Danish	700·83	..	813·05	
Linda	British	862·64	..	867·55	
Ceylon	„	1,140	..	..	
Ocean	„	970·93	*1,050·16*	976·45	—
Dante	„	{ *1,132·79* / 1,143·12 }	*1,282·29*	1,294·48	+
Ly-ee-Moon	„	611·20	*627·43*	635·16	+
Surat	„	1,994·75	197·331	1,988·54	+
Woodburn	„	1,153	..	1,154·51	
Mooltan	„	1,627	..	..	

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
Konig Svern	Norwegian	1,552	..	1,575·26	
Matthew Cay	British	870	*992·94*	884·30	—
Leyte	Spanish	328·09	*330·17*	330·17	=
Canara	British	1,229·9	*1,401·35*	1,407·23	+
Tavoy	,,	195	..	200·66	
Calabar	,,	762·69	..	775·47	
Montgomeryshire	,,	1,146	..	1,165·029	
Elphinstone	,,	1,146	..	1,153·35	
Capella	,,	1,403·06	*1,399·96*	1,413·65	+
Sephora	French	385	..	..	
Bengalese	British	937	..	955·51	
Propontis	,,	1,416	..	1,432·05	
Meiji Mam	Japanese	*463·24*	*506·16*	506·16	=
Baroda	British	1,233	..	..	
Tiara	,,	1,181	..	1,192·01	
State of Virginia	,,	1,594	..	1,619·08	
Lufra	,,	878·51	997·14	1,003·34	+
Min	,,	896·72	None	900·42	
Goa	,,	1,231·64	1,413·76	1,418·95	+
Pardo	,,	763·03	None	762·50	
Kirch	,,	787·34	None	809·61	
Avoca (*ante*)	,,	904·50	983·73	983·73	=
S. W. Kelly	,,	674·80	746·13	746·13	
Zealot, A	,,	862·61	None	853·27	
Annie Ainslie	,,	846·51	None	861·60	
Eskdale	,,	*5* 738·28	822·37	822·37	=
St. Lawrence	,,	1,425·28	1,544·62	1,554·65	+
Esmeralda	,,	395·22	None	411·80	
Bengal	,,	1,095	*1,242·73* None	1,099·47	—
Alice Otto	,,	817·45	None	823·22	
Alps	,,	1,020·27	..	1,028·79	
William Corry	,,	1,238·43	..	1,261·436	
Hong Kong	,,	1,221·44	*1,392·21*	1,244·620	—
Japan	,,	1,865·03	..	1,865·03	
Holland	Dutch	1,149	..	1,215·943	
Palestine	British	2,128·34	..	2,214·775	
Nyanza	,,	1,567·28	..	1,544·500	
Africa	,,	1,810·54	..	1,727·61	
Satara	,,	*820·88* 848	*948·34*	862·048	—
America	Swedish	953	..	925·98	
J. C. Stevenson	British	1,543·35	..	1,636·14	
Omarapoora	,,	1,619	*1,783·63*	1,636·89	—
Mecca	,,	686	..	709,311	
Quang Si	,,	1,778·30	*1,980·83*	1,991·74	+
Whitburn	,,	797	..	819·56	
Parense	,,	986	..	986·64	
Deucalion	,,	1,597	..	1,596·44	
Hector (*ante*)	,,	1,534	*1,533·46*	1,522·67	—
Menelaus	,,	1,527	..	1,533·17	
Hankow	,,	2,252	..	2,251·57	
Diomed	,,	1,201	..	1,238·55	
Antenor	,,	*1,644·87* 1,602	*1,647·05*	1,642·29	—
Ajak	,,	1,549	..	1,573·90	
Ulysses	,,	1,521	..	1,556·25	
Priam	,,	1,572	..	1,603·48	
Patroclus	,,	*1,650·46* 1,607	*1,651·74*	1,637·77	—
Agamemnon	,,	1,550	..	1,572·07	
Nestor	,,	1,414	..	1,456·53	
Glaucus	,,	1,605	..	1,661·50	
Achilles	,,	1,550	..	1,573·18	
Sirius	,,	1,411	..	1,423·92	
Sarpendon	,,	*1,555·96* 1,520	*1,524·23*	1,548·60	+
Orion	,,	1,458	..	1,410·08	
Sortogon	,,	196	..	215·61	
Pleiades	,,	1,448	..	1,478·79	
United Service	,,	*909·68* 745	*1,038·10*	741·76	—
City of Baltimore	,,	1,443	..	1,487·12	

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
Penedo..	British ..	652	..	652	
Madura	Dutch ..	1,506*	*1,676·43*	1,510	* Not given in B.L. table.
Celebes	British ..	1,440	..	1,502	—
Timor	,, ..	1,440	..	1,470	
Mauria	,, ..	862	..	874	
Deerhound .. .	,, ..	99	..	102	
Olympia	German ..	778	..	782	
Riga	British ..	{ *920·87* / 918 }	*1,042·75*	935	—
Parawa	,, ..	1,027	..	1,039	
Java	Dutch ..	938	..	926	
Billiton	British ..	226	..	254	
Pernambuco	,, ..	643	*763·12*	643	—
Borneo	Dutch ..	962*	*1,091·13*	1,091*	* Not given in B.L. table.
Yeddo	British ..	1,476	*1,478·03*	1,480	+
Essen	German ..	926	..	933	
Paraguay	British ..	1,179	1,159	1,159	=
Eastern Isles	,, ..	407	..	407	
Holland	Dutch ..	1,149	..	1,163	
Charles Oilbert	French ..	768	..	820	
Galatea	German ..	1,233	..	1,209	
Sylvia	,, ..	826	..	910	
Atalanta	,, ..	783	759	800	
Paris	British ..	921	..	924	
Olive	,, ..	809	..	809	
Cassandra	German ..	1,036	..	1,036	
Egeria	,, ..	1,087	..	1,096	
South Tyne	British ..	986	..	1,003	
Chyebassa	,, ..	{ *1,710·94* / 1,716 }	1,797	1,826	+
Vixen	,, ..	1,080	..	1,099	
Atalanta	,, ..	1,743	..	1,743	
Ambonia	Dutch ..	436	..	468	
Wm. Mackunion.. ..	,, .	742*	811	813	* Not given in B.L. table.
Snidoro	,, ..	746	..	728	
Palm	British ..	1,379	1,406	1,406	=
Harrington	,, ..	722	..	723·97	
Wyberton	,, ..	714	..	714·06	
Abbotsford	,, ..	649	..	667·13	
Border Chieftain.. ..	,, ..	989	..	1,002·71	
Lumley Castle	,, ..	1,076	..	1,076·07	
Colombo	,, ..	1,696	*1,956·30*	1,696·40	—
Bertha	,, ..	1,422	*1,613·64*	1,427·66	—
Hankow	,, ..	2,331	*2,351·40*	2,375·309	+
Mesopotamia	,, .	765	..	782·94	
Avenir	French ..	192	..	144·83	
Bengal	British ..	{ *1,095* / 1,303 }	*1,242·73*	1,306·10	+
Atlantic	,, ..	923	..	926·696	
Leon	Spanish ..	1,650	..	1,706·62	
Good Hope	British ..	1,018	..	1,032·13	
Royal Minstrel	,, ..	873	..	886·74	
Hampton	,, ..	1,010	*1,123·86*	1,022·23	—
Navarino	,, ..	2,175	*2,432·46*	2,225·317	—
Colombo	,, .	{ *1,259·94* / 1,270 }	*1,434·27*	1,283·743	—
Wimbledon	,, ..	957	..	969·430	
Orchis	,, ..	1,138	..	1,154·58	
Tynemouth Castle ..	,, ..	874	..	886·846	
Emiliano	Spanish ..	1,480	..	1,492·494	
Palermo	British ..	1,317	*1,317·05*	1,333·17	+
St. George	,, ..	1,235	..	1,247·40	
Kwang Se	,, ..	1,779	1,980·33	1,991·74	+
Dahlia	,, ..	1,364	..	1,315·866	
Jumna	,, ..	346	..	343·01	
Othello..	,, ..	1,941	..	1,988·478	
Anucra	Spanish ..	1,614	..	1,667·559	
Buenaventura	,, ..	1,306	..	1,394·85	
Richmond	British ..	769	..	782·44	
Mazeppa	,, ..	922	*927·18*	929·703	+
Scindia..	,, ..	1,423	*1,618·02*	1,442·213	—

1. Name of Ship.	2. Nationality.	3. Net Register Tonnage.	4. Net Register Tonnage, per Special Certificate.	5. Tonnage on which Dues were paid.	6. Remarks.
John Bramall	British	956	*1,073·02*	962·935	—
Nankin	„	1,830	*1,839·69*	1,850·663	+
Crocus	„	1,298	*1,463·59*	1,321·849	—
Yurac Bat	Spanish	1,558	..	1,557·68	
Riga	British	919	*1,042·75*	935·391	—
Emblehope	„	1,244	..	1,263·392	
Mongol	„	1,462	..	1,463·65	
G. H. Atkinson	„	873	..	880·40	
Tromp	Dutch	1,795	..	1,749·45	
Hindoo	British	2,505	*2,521·99*	2,549·176	+
Arratoon Apear	„	1,392	..	1,416·153	
Viceroy	„	1,826	..	1,881·19	
Formosa	„	651	..	670·60	
Duna	„	853	*613·77*	867·373	—
Spartan	„	316	..	302·09	
Eldorado	„	2,157	*2,302·26*	2,317·14	+
Borrowdale	„	990	*1,002·27*	1,016·95	+
Ionia	„	1,145	..	1,168·823	
Lotus	„	1,406	*1,576·24*	1,415·528	—
Amgarius	Swedish	360	..	420·471	
Tartar	British	1,467	..	1,483·106	
Kingston	„	930	..	933·48	
Scotland	„	1,695	*1,907·13*	1,707·97	—
James Drake	„	876	..	885·78	
Irawaddy	French	2,025	..	2,635·30	
Sendh	„	1,903·79	..	2,124·55	
Anadyr	„	2,441	..	2,583·60	
Tanaïs	„	982	..	1,276·03	
Doogly	„	1,767·87	..	2,064·92	
Tigre	„	1,950·78	..	2,549·15	
Provence	„	1,551·51	..	1,680·83	
Amazone	„	1,908·61	..	2,262·84	
Pei-ho	„	1,891·17	..	2,168·28	
Ava	„	1,902	..	2,214·72	
Mei Kong	„	1,910·74	..	2,123·68	
Danoï	„	1,684·57	..	1,719·94	
Apis	Austrian	769·78	..	760·16	
Castore	„	..	1,232·16	1,244·68	
Minerva	„	1,145·21	..	1,187	
Oreste	„	684·38	..	694·68	
Flora	„	893·36	..	993·44	
Memfi	„	..	1,202·56	1,211·97	
Piladi	„	685·24	..	756·44	
Ettore	„	1,301·90	1,300·90	1,344·06	
Poluce	„	..	1,413·71	1,428·75	
Australia	Italian	1,336	..		
India	„	806	..		
Persia	„	767	..		
Nuovo Abele	„	636	..		
Già Battista	„	250	..		
Neltuno	„	159	..		
Russia	Russian	1,543	..		
Tchihatchoff	„	1,554	..		

(Signed) CHARLES G. G. PERCEVAL, *Vice-Consul.*

Port Said, February 6, 1875.

No. 100.

Sir A. Buchanan to the Earl of Derby.—(Received March 29.)

(Extract.) *Vienna, March 24, 1875.*

I HAVE lately had some conversation with a gentleman well acquainted with the Suez Canal question which led to his making some general observations respecting the present state and future prospects of the Suez Canal. He said some time ago, the Austro-Hungarian Government had requested the opinion of Her Majesty's Government as to the best means of obliging the administration of the Canal to accept the measurements stated on ships registers of their tonnage capacity, and that in compliance with a recommendation from London, they had called upon the Porte to remove the grievance they complained of on that subject.

No steps had, however, been taken at Constantinople to enforce the resolutions of the Commission, and it was to be feared that if the Porte allowed one part of the arrangements which had been recommended by the Commission, to be disregarded, they might become equally indifferent to others of more importance. He said the Company seemed now to think of nothing but increasing the value of their stock by favourable balance sheets, while they entirely neglected the works which ought to be carried on for maintaining a due depth of water in the canal. Therefore, while the revenue was approaching an amount at which the Maritime Powers would be entitled to claim a diminution of the dues, the depth of the water in the canal was diminishing, and when a reduction of the surtax would be claimed, the Company would reply that it was impossible to grant it in consequence of works which the Company would have to undertake to regain the depth of water necessary for the navigation; and as a proof that some scheme of this kind is contemplated to defeat the recommendations of the Constantinople Commission, he had only to mention the difficulty, or rather the impossibility, of obtaining any accurate information as to the receipts of the Company.

After these observations, he went on to say that, as the Suez Canal had now become a necessity to the trade of the East, it would, in his opinion, be a mistake to leave it in the hands of a private association. He was ready to admit that it would be almost impossible to give it an international ownership, but it appeared to him that all the advantages of such an arrangement might be obtained if the canal could be conveyed to the Khedive, subject to the supervision of an International Commission.

The financial sacrifices of such an arrangement would, he believed, be inconsiderable, for as the Khedive is the holder of one half of the stock, he might be called upon to forego all claim to immediate returns on becoming sole proprietor of the canal, and then, if the Maritime Powers, instead of making an immediate purchase of the remaining shares, should guarantee to the shareholders an equitable percentage on their capital, the revenue of the canal, after deducting the annual sum necessary for maintaining it in a state of efficiency, would be sufficient to meet the interest due to the shareholders, and a sinking fund to pay off the debt within a certain term of years.

He said that these were merely crude ideas, which would require to be carefully considered and elaborated, but it was clear to him that the works would be allowed to deteriorate, unless something is done to reconcile the rights of the shareholders and the claims of the world to the free navigation of the canal.

The first step, however, should any negotiation ever take place for carrying out the object he had suggested, should be to secure the support of the Khedive, and after that had been obtained, it would then be expedient to satisfy M. de Lesseps that the means proposed for completing the success of his great work, would be the best for enhancing his own reputation, and securing the interests of those who had supported him. Any decision which might be taken on the subject would rest, however, with Great Britain, in consequence of the great preponderance of her commerce with the East.

I asked him whether the Austrian Government had put forward any proposal of this kind, and he said he believed not yet, but as we had been speaking on the subject, he had availed himself of the opportunity of making me acquainted with his own views upon it.

No. 101.

Sir A. Buchanan to the Earl of Derby.—(Received March 29.)

My Lord, *Vienna, March 25, 1875.*

AT an interview which I had yesterday with Baren Orczy, we spoke of the Suez Canal, and he availed himself of the opportunity to express to me the great interest with which the Austro-Hungarian Government had read Admiral Ryder's Report of the passage through the Canal of Her Majesty's ship "Audacious," which I communicated some time ago to Count Andrassy.

I therefore said that I had another document upon the subject which would perhaps equally interest them, and I placed in his hands the analysis inclosed in Colonel Stokes' letter of the 26th ultimo, showing the effect of the new regulations upon the tonnage measurement of 146 English vessels which had passed through during the last year. He said the results exhibited by that analysis ought to be satisfactory to the shipowners, and also to M. Lesseps as a fair compromise between their respective interests; but he said he was sorry to learn from the last Reports of the Austro-Hungarian Agent at Port Saïd that the bed of the Canal was evidently silting up with a solid deposit likely to prove very prejudicial to its navigation.

I have, &c.

(Signed) ANDREW BUCHANAN.

No. 102.

Major-General Stanton to the Earl of Derby.—(Received April 1.)

My Lord, *Cairo, March 18, 1875.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 2nd instant, informing me, in reply to my despatch of the 8th ultimo, that your Lordship does not consider it necessary that I should communicate Admiral Ryder's recommendations as to additional works to the Suez Canal Company, the improvements suggested being included in the schedule of works which is annexed to M. de Lesseps' letter of January 31, 1874, to the Egyptian Minister of the Interior.

I have, &c.

(Signed) EDWD. STANTON.

No. 103.

The Secretary to the Admiralty to Mr. Bourke.—(Received April 1.)

Sir, *Admiralty, March 30, 1875.*

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, extracts of a letter, dated 16th instant (with its inclosures), from Vice-Admiral Sir James Drummond, Commander-in-chief on the Mediterranean Station, in regard to his visit to the eastern limits of his command, his passages through the Suez Canal in her Majesty's ship "Helicon," and the suggested arrangements respecting the Admiralty land at Port Saïd in connection with the proposal of M. Lesseps to widen the Canal at its entrance.

My Lords desire to call the Earl of Derby's attention to the remarks of Sir James Drummond, in the latter part of his despatch, with reference to the position and accommodation of Her Britannic Majesty's Consul at Port Saïd.

I am, &c.

(Signed) ROBERT HALL.

Inclosure 1 in No. 103.

Vice-Admiral Sir J. Drummond to the Secretary to the Admiralty.

(Extract.) *"Pallas," Port Said, March 16, 1875.*

I HAVE the honour to request you will inform the Lords Commissioners of the Admiralty that, having shifted my flag on the 24th ultimo from the "Swiftsure"

to the "Helicon," I left Malta on that day on a visit of inspection to this part of my station, proceeding under easy steam.

On the 28th ultimo I reached this anchorage (Port Saïd), and, after taking in sixty tons of coal, proceeded the same afternoon through the Canal to Suez, which, owing to the large number of vessels passing through the Canal, I only reached on the evening of the 2nd instant.

I received a communication from Her Majesty's Agent and Consul-General, Major-General Stanton, that His Highness the Khedive had placed a special train at my disposal, and had expressed a wish to see me at Cairo.

I proceeded to Cairo on the 3rd, and during my stay there was lodged and entertained in one of the Khedive's houses.

The Khedive on the following day gave me an audience, when I was presented by Major-General Stanton, with the officers of my staff.

His Royal Highness the Duke of Connaught returned to Cairo the same afternoon from his journey up the Nile.

I visited his Royal Highness on his arrival, and learnt that it was his intention to leave Cairo on the 3rd instant for Suez and Tor in the Red Sea, from which he proposed to visit Mount Sinai. I accepted his Royal Highness' invitation to accompany him on that journey.

His Highness the Khedive had made all necessary arrangements to convey His Royal Highness in the Egyptian corvette "Khartoun."

His Highness the Khedive treated me with the greatest attention and kindness during my visit, and spoke most highly of Captain McKillop (Pasha) and Commander Morris. He requested me specially to convey to their Lordships his sincere thanks for their having sent those officers to Egypt, and begged me to add that he would gladly accept the services of two or three more such naval officers if they could be sent to Egypt.

The lights, beacons, and harbours are all under the control of Captain McKillop, and the improvements in the harbour of Alexandria are also conducted under his superintendence.

The Khedive further informed me that he had just authorized Captain McKillop to form a company for the exportation of salt from the Red Sea to the British possessions in India, which he trusted would bring him in a considerable revenue.

I returned to Suez on the 8th instant with His Royal Highness the Duke of Connaught, where he embarked the same afternoon in the "Khartoun," and left for Tor. I accompanied him in the "Helicon," and reached Tor early on the 9th instant.

His Royal Highness landed in the forenoon, and we proceeded to visit Mount Sinai, which we reached on the afternoon of the 11th, returning to Tor on the 14th, and to Suez by daylight of the 15th.

As His Royal Highness had expressed a wish to return through the Canal in the "Helicon," I considered it my duty to offer him a passage in that ship. He embarked with his suite and Mustapha Pasha, Chamberlain to the Khedive, who has been in attendance on His Royal Highness since he arrived in Egypt; and, leaving Suez at 10.30 A.M. on the 15th instant, we reached Port Saïd at 9 P.M. the same evening, the quickest passage ever made through the Canal by any vessel. It so happened that there was only one vessel, the "Australia," P. and O. packet, ahead of us in the Canal, and she had left Suez at 10 A.M. of the 14th, reaching Port Saïd just ahead of us at 9 P.M.

I shifted my flag this day from the "Helicon" to the "Pallas," and shall return in her to Malta to-morrow. The "Helicon" will also leave early to-morrow for Brindisi, where his Royal Highness will disembark, and the "Helicon" then proceed to Malta.

I have availed myself during my stay at Port Saïd of this opportunity to inspect the Admiralty land with Captain Willoughby, the transport officer. He informed me of the proposal (of which he furnished me with a copy, herewith inclosed), made by M. Lesseps to widen the Canal at its entrance, which will necessitate the removal of the present site of Admiralty land its whole width (about 67 metres) further back, by removing and throwing up the present sand and the dredged sand, so as to form a space of land equal to the present site occupied by the Admiralty.

I see no reason for not acceding to the proposal, taking care that its completion should not be prolonged beyond the time specified. As at present situated, the land in question cannot be conveniently occupied by Her Majesty's troop-ships, as it is immediately at the entrance, and subject to ships, both on entering and quitting the Canal, running foul of any vessel moored there; whereas, as it will widen and straighten the

entrance, a ship would be in a safer position when moored abreast of the proposed site.

Not having received any instructions from their Lordships on this proposed change, I have not expressed any opinion to the French authorities of the Canal Company, but I fully coincide with Captain Willoughby in the opinion that it will not in any way be detrimental to the public service, but rather prove advantageous.

I had full opportunity of judging of the Canal on the two occasions I passed through it. I am of opinion that, with proper care and constant attention, in moderate weather there can be no risk to vessels drawing even 23 feet; but at certain seasons, after a prevalence of strong southerly gales, it requires every precaution to avoid touching the sides of the Canal. There are two or three awkward curves for long ships, which they talk of improving. The general arrangements for all vessels are good.

The pilots are taken from all nations, and are not all competent men; there are only three or four French pilots remaining, and they are considered the most experienced. We had a man who had been eleven years in the country, and who was most attentive and experienced.

The expenses of administration are excessive, and a very general opinion prevails that they might be largely decreased without interfering with the efficient service of the Canal.

There are one or two dredges at work in the vicinity of the small Bitter Lake.

The basins at Suez are capacious and capable of affording safe shelter and excellent anchorage for vessels of the largest class, easy to enter night or day, and an excellent dry dock exists, in which the Peninsular and Oriental packet "Surat" was during my stay.

I was much indebted to the attention shown me by Captains Willoughby and Chittey, and for the full information given to me by them during my stay here and at Suez.

The Egyptian authorities, both here and at Suez, showed me every attention and civility.

The town of Port Saïd is steadily advancing in better houses. The several Consuls and Agents of British and foreign shipping are very fairly lodged. The British Consul, Mr. Perceval, is, I regret to say, not only badly housed, in one of the first houses built, situated in a swampy, unhealthy spot, but, owing to the extraordinary high price demanded for land to build on, is quite unable to find a suitable residence.

I would venture to suggest that, looking to the position British trade and interests have now arrived at in Egypt, it would be most desirable and particularly advantageous to us that our Consul should be as well lodged as the Consuls of other nations. The Dutch East India Company is now building a very fine range of buildings.

I inclose a copy of the Return of shipping which have passed through the Canal in the years 1873-74, by which their Lordships will perceive the very large proportion of British ships and tonnage. From these it will be clearly understood how onerous have become the duties of our Consul, both in references made relative to the crews of ships, as well as in the numerous cases occurring from the malpractices of the Maltese and other British subjects residing in the town.

The population (about 10,400 souls, of which 6,000 are Arabs) is largely composed of British (Maltese), Greeks, French, Italians, Austrians, Germans, most of the very worst characters. Thefts, robberies, stabbing, and even murders are of constant occurrence. Our present Consul, Mr. Perceval, is active in the performance of his duties, and I think deserves encouragement. He has not been absent from his post for eighteen months.

I have, &c.
(Signed) JAMES R. DRUMMOND.

Inclosure 2 in No. 103.

M. de Lesseps to Captain Willoughby.

(Translation.)

M. le Capitaine, *Paris, February* 17, 1875.

WISHING to obtain a speedy settlement of our project for cancelling the actual concession to the Lords of the Admiralty at Port Saïd, we have put ourselves in the first place in direct communication with Colonel Pasley in London, in order to

make our proposals to him, and receive in return his observations. Having come to an easy agreement, I now wish to treat officially with you in your capacity of Representative of their Excellencies the Lords of the Admiralty and of the Indian Ministry with reference to our projected alteration.

You will find inclosed a certified plan for your guidance in what we are going to propose.

We propose to you, viz. :—

1st. To enlarge the entrance of the Maritime Canal at the Port Saïd end to a breadth of 200 metres.

2nd. To move back, in consequence, a distance of 67 metres, the piece of ground actually ceded to the Admiralty.

3rd. To finish in two years, dating from the day of your definite acquirement, the necessary dredging, in order that the new piece should be contiguous to the Canal, the same as the present piece now is.

4th. To profit by the first dredging, to throw on the new ground the earth or stuff necessary to bring it to the same level as the present ground is.

5th. If at the expiration of the two years' time from the date of your compliance, we should not have finished or executed the required dredging, the Admiralty should have the right of executing it at our charge.

6th. That this alteration shall not change or modify the terms of our Agreement, dated 10th August, 1870; and particularly the sums paid by the Admiralty to the Company, in virtue of Article 4 of said Agreement, shall be acquired by us, viz.,

560,000 francs for the ground,
100,000 francs for the buildings;

and that no restitution or indemnity could be demanded by the Admiralty with respect to the buildings existing on the ground which they occupy, and which they could take away.

These are our propositions.

It is understood that, if for any reason our present negotiation should fail in its object, all documents exchanged on the subject shall be considered null and void, and only the Contract of the 10th August, 1870, shall be in force.

I am &c.

(Signed) FERD. DE LESSEPS.

Inclosure 3 in No. 103.

RETURN of the Suez Canal Traffic. Total for the Year 1873 and Summary for the Year 1874.

	Number of Ships.			Austrian.		British.		Dutch.		Egyptian.		French.		German.		Italian..	
	Mercantile.	Government.	Total.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.
January	106	5	111	4,981	..	98,833	6,166	4,311	..	..	..	7,599	3,195	3,467	..	4,569	..
February	90	10	100	4,736	..	80,210	10,524	3,606	..	..	..	9,377	1,880	1,773	..	1,734	116
March	110	10	120	2,855	..	105,953	10,389	3,063	..	1,035	..	11,528	1,860	2,983	..	4,798	309
April	112	9	121	8,068	..	100,552	7,811	4,403	..	..	..	9,778	4,323	1,438	1,350	2,790	..
May	104	4	108	4,971	930	103,249	..	5,688	..	..	661	12,649	2,401	1,627	..	4,023	..
June	77	5	82	4,567	..	68,476	199	6,610	..	..	..	8,937	2,627	933	..	3,592	915
July	96	2	98	2,876	..	99,611	..	8,675	..	..	..	15,044	..	2,219	..	3,512	..
August	82	8	90	1,753	..	89,355	..	6,335	596	..	..	8,363	4,991	800	..	3,982	..
September . ..	87	5	92	4,333	..	85,576	..	3,811	452	..	..	8,946	3,669	2,132	..	4,689	..
October	112	5	117	3,488	..	110,897	6,285	14,034	..	..	415	10,418	1,982	2,471	..	3,514	..
November . ..	93	11	104	5,534	..	100,143	9,156	3,876	..	..	339	10,863	2,569	3,394	621	2,696	..
December . ..	114	7	121	8,214	..	106,447	9,780	9,103	..	2,133	..	12,366	2,518	2,242	..	4,938	..
Total for 1874 .	1,183	81	1,264	56,376	930	1,149,302	60,310	73,515	1,048	3,168	1,415	125,868	32,015	25,479	1,971	43,837	2,340
Total for 1873 .	1,094	79	1,173	60,736	1,760	946,707	55,661	46,974	3,850	2,033	2,424	124,892	28,083	23,718	..	43,939	1,161

	Norwegian.		Portuguese.		Russian.		Spanish.		Turkish.		Various flags.		Collective Tonnage.		
	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government.	Mercantile.	Government and Yachts.	Collective Total.
January	..	..	..	..	742	..	1,348	..	870	..	Greek 860	..	127,580	9,361	136,941
February	780	..	..	..	662	..	3,549	..	1,295	919	..	..	107,722	14,439	122,161
March	808	..	..	856	3,088	1,106	3,266	..	..	..	Swedish 924	..	140,301	14,520	154,821
April	1,030	..	..	..	..	..	3,216	..	..	..	Belgian 591	..	131,866	13,484	145,350
May	838	..	..	..	..	..	2,763	..	957	..	Swedish 926	..	137,191	3,992	141,183
June	..	..	..	..	..	..	1,922	..	..	..	..	..	95,037	3,741	98,778
July	1,339	..	..	..	..	1,429	3,061	1,115	..	..	..	..	135,337	2,544	137,881
August	..	..	..	..	..	..	3,049	..	..	448	Greek 116	..	113,753	6,035	119,788
September . ..	1,399	..	880	..	1,472	..	4,430	..	278	..	..	..	117,926	4,121	122,047
October	1,575	..	..	..	..	..	1,394	..	381	..	Danish 813 Swedish 2,245	..	151,230	8,682	159,912
November . ..	1,329	..	..	..	..	..	3,379	..	..	1,035	..	..	131,214	13,720	144,934
December . ..	..	..	..	..	..	..	3,373	..	2,872	..	Japanese 506 Swedish 900	..	153,094	12,298	165,392
Total for 1874 .	9,078	..	880	856	5,964	2,535	34,750	1,115	6,153	2,402	7,881	..	1,542,251	106,937	1,649,188
Total for 1873 .	5,644	..	..	501	8,267	1,825	20,538	1,256	11,216	3,002	14,298	1,474	1,308,962	100,997	1,409,957

CLASSIFIED List of Ships.

	Total Number of Ships.	Austrian.	British.	Dutch.	Egyptian.	French.	German.	Italian.	Norwegian.	Portuguese.	Russian.	Spanish.	Turkish.	Various Flags.
January	111	5	82	2	..	6	4	5	..	..	1	1	1	Greek .. 4
February	100	5	73	3	..	5	2	4	1	..	1	3	3	..
March	120	3	89	2	1	7	4	5	1	2	3	2	1	..
April	121	9	88	4	..	9	3	3	1	..	..	3	..	Belgian .. 1
May	108	6	77	4	1	9	2	4	1	..	..	2	1	Swedish .. 1
June	82	5	56	5	..	7	1	6	..	..	..	2	..	..
July	28	4	72	5	..	7	2	3	1	..	1	3	..	..
August	90	2	64	7	..	8	1	4	..	..	..	2	1	Greek .. 1
September	92	5	62	4	..	7	2	5	1	1	1	3	1	..
October	117	4	80	9	2	6	3	5	1	..	..	1	2	Danish .. 1 Swedish .. 3
November	104	5	75	2	1	7	5	3	1	..	..	3	2	..
December	121	8	80	6	3	9	2	5	..	..	..	2	4	Japanese .. 1 Swedish .. 1
Total for 1874	1,264	61	898	53	8	87	31	52	8	3	7	27	16	13
Total for 1873	1,173	70	812	37	7	83	28	58	5	2	9	17	26	19

No. 104.

Major-General Stanton to the Earl of Derby.—(*Received April* 5.)

My Lord, *Cairo, March* 24, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 10th instant, instructing me to express to the Egyptian Government the satisfaction with which Her Majesty's Government have received Cherif Pasha's note of the 22nd February, relative to the register of vessels to be kept at Port Saïd and Suez of vessels passing through the Suez Canal, and I beg to inform your Lordship that I have complied with these instructions, and have at the same time begged Cherif Pasha to furnish me, monthly, if possible, with copies of the registers in question.

I have, &c.

(Signed) EDWD. STANTON.

No. 105.

Mr. Lister to Mr. Farrer.

Sir, *Foreign Office, April* 7, 1875.

I AM directed by the Earl of Derby to state to you, for the information of the Lords of Trade, that his Lordship has received a telegram, dated the 2nd instant, from Her Majesty's Ambassador at Constantinople, to the effect that M. de Lesseps' son had arrived in that city, with a view to obtain the sanction of the Porte to an arrangement for obtaining funds required for works at Port Saïd and other extraordinary expenses in connection with the Suez Canal; and that he had been advised by the French Ambassador, in the first place, to try to come to an understanding with Sir H. Elliot. The latter, however, has reminded his colleague that the Porte is under an engagement not to sanction any fresh charge upon shipping without previous concert with the other Powers principally interested in the Canal, adding that Her Majesty's Government would give every attention to representations respecting the necessity of raising funds for extraordinary works; but that before consenting to a charge of which three-fourths would fall on British shipping, they might require to be satisfied that the outlay would be made in the way most likely to secure its object.

I am to request that in laying this letter before the Lords of Trade, you will move their Lordships to favour Lord Derby with such observations as they may have to offer thereupon.

I am, &c.

(Signed) T. V. LISTER.

No. 106.

*Mr. Lister to Mr. Farrer.**

Sir, *Foreign Office, April* 10, 1876.

WITH reference to the letter from this Office of the 7th instant, I am directed by the Earl of Derby to state to you, for the information of the Lords of Trade, that his Lordship has received further telegrams, dated the 6th instant, from Her Majesty's Ambassador at Constantinople, reporting that the younger M. de Lesseps had imparted to his Excellency his views with regard to the proposed scheme for raising money to meet the cost of repairing the Suez Canal.

Young M. de Lesseps states that he wishes to be able to say at the July meeting of the Canal Company that authority had been obtained for providing funds for the extraordinary works required to render the Canal more adapted for navigation; and he adds that, if such authority be not obtained, things must go on as they are.

The expenditure, he says, would be spread over several years, but could not, in justice to the shareholders, be made out of the ordinary revenue.

He considers that the means could be provided in two ways; either by an additional tax, or by preventing the diminution of the present rate from taking place so soon as was laid down by the last arrangement. The latter plan is preferred by young M. de Lesseps, who has asked Sir H. Elliot to urge it upon Her Majesty's Government. His Excellency has, however, replied that arrangements of this kind cannot possibly be made by telegraph.

It appears that the amount estimated for the extraordinary works required for the Canal is 40,500,000 fr.

Of this, about 12,500,000 fr. is for works to be eventually executed at Port Saïd.

The earlier outlay will be 3,000,000 fr. for lengthening and widening the sides of the Canal; 3,250,000 fr. for improving the curves; and the rest for stone-facing and completing the basins at Port Saïd; for mooring-posts along the Canal; and for new basins according to the proposal of the French and Egyptian Commission of 1866.

I am, &c.

(Signed) T. V. LISTER.

No. 107.

Sir H. Elliot to the Earl of Derby.—(Received April 12.)

My Lord, *Constantinople, March* 29, 1875.

ALTHOUGH I have not yet received the answer of the Porte to the communications which I had made by your Lordship's instructions upon the Suez Canal dues, it has, I understand, been prepared for some time past.

Under these circumstances I have not thought it expedient to communicate to the Porte the analysis inclosed in your Lordship's Circular despatch of the 10th instant, as the necessity for its examination might be alleged as a pretext for further delay.

I have, &c.

(Signed) HENRY ELLIOT.

No. 108.

Sir H. Elliot to the Earl of Derby.—(Received April 12.)

My Lord, *Constantinople, April* 2, 1875.

THE French Ambassador has told me that M. Lesseps' son had arrived here for the purpose of obtaining the sanction of the Porte to some arrangement for raising the funds that are required for extraordinary works on the harbour of Port Saïd, and on other parts of the Suez Canal, and which could not be met out of the ordinary revenue derived from the tonnage dues.

In reply to M. Lesseps' request for the support of his Ambassador, my colleague answered that he would give it on the condition of his trying, in the first place, to come to an understanding with me, and assured him that he would find that neither Her Majesty's Government nor Embassy were animated by any feeling of

* A similar letter was addressed to the Treasury.

hostility towards the interests of the Canal Company, and that, if he treated the question in a conciliatory manner, he might rely upon being met in a corresponding spirit.

I assured Count de Vogüé that he had correctly conveyed the feelings of Her Majesty's Government, and that I should be glad to ascertain M. Lesseps' views from himself at any time he should call upon me.

There were, however, two remarks that I must at once make, the first being that M. Lesseps must bear in mind that the Porte was under the engagement contained in the Report of the Constantinople Commission, unanimously agreed to by all the Powers, not to sanction any fresh charge upon shipping for the passage of the Canal without previous concert with the Governments principally interested.

The second observation that I had to make was that, as three-fourths of the money required for the new works would have to be provided by British shipping, Her Majesty's Government might require to be satisfied that the outlay would be made on the principles and in the way best calculated to secure its object.

When I have seen M. Lesseps I shall probably be able to give your Lordship some more precise information respecting the works that are projected, the amount that will be required for them, and the mode that may be suggested for raising the necessary money; and in the meantime I shall confine myself to warning the Porte not to commit itself in any way in regard to the application that may be made to them on behalf of the Company.

I have, &c.
(Signed) HENRY ELLIOT.

No. 109.

Mr. Trevor to Mr. Lister.—(*Received April* 12.)

Sir, *Board of Trade, Whitehall Gardens, April* 10, 1875

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 7th instant, stating that the Earl of Derby has received a telegram from Her Majesty's Ambassador at Constantinople to the effect that M. Lesseps' son had arrived in that city with a view to obtain the sanction of the Porte to an arrangement for obtaining funds required for works at Port Saïd, and other extraordinary expenses in connection with the Suez Canal, and that he had been advised by the French Ambassador, in the first place, to try to come to an understanding with Sir H. Elliot.

Your letter proceeds to state that Sir H. Elliot has reminded the French Ambassador that the Porte is under an engagement not to sanction any fresh charge upon shipping without previous concert with the other Powers principally interested in the Canal, adding that Her Majesty's Government would give every attention to representations respecting the necessity of raising funds for extraordinary works, but that before consenting to a charge of which three-fourths would fall on British shipping, they might require to be satisfied that the outlay would be made in the way most likely to secure its object.

In compliance with the wish of Lord Derby to be favoured with the observations of the Board of Trade in this matter, I am to state that the language of Sir H. Elliot to the French Ambassador, as quoted in your letter, expresses entirely the views of this Board.

It is essential, before funds are raised by fresh taxation for new works, that Her Majesty's Government should be satisfied that the works are necessary, and that they are such as to answer the purpose; and it is also essential that all the Powers interested should be invited to act in concert.

I have, &c.
(Signed) C. CECIL TREVOR.

No. 110.

Mr. Plummer, Jun., to the Earl of Derby.—(*Received April* 12.)

Newcastle and Gateshead Incorporated Chamber of Commerce,
My Lord, *Newcastle-upon-Tyne, April* 12, 1875.

I AM directed to submit to your Lordship the inclosed documents which refer to what appears to be an over-charge made by the Suez Canal Company in the case of the steam-ship "Dilston Castle."

The "Dilston Castle" is a British steamer, her gross tonnage per official register being 1,626 tons, her net or register tonnage being 1,031 tons. This vessel passing through the Canal in ballast was remeasured by the Canal Company, and charged on 1,284 tons, at the rate of 10 fr. per ton. The captain protested against the action of the Canal Company, but paid the overcharge to avoid detention of his vessel.

The "Dilston Castle" belongs to Messrs. Hall, Brothers, of this town, and your Lordship will see by the letter of their agents, dated Port Saïd, March 14, 1875, that the Canal Company contend that as the Constantinople Commission decided that steamers with cargo were to pay 14 fr. per ton when measured according to English law, and 13 fr. when measured according to the Danube rule, and whereas only one rate has been fixed for steamers passing the Canal in ballast, say 10 fr. per ton, that therefore all steamers in ballast must be measured according to the Danube rule, as there is only one rate, otherwise steamers measured according to clause 23 of the Merchant Shipping Act, 1854, would pay less than steamers measured according to the recommendations of the Constantinople Commission.

It does not appear that this argument of the Canal Company is sufficiently logical to justify the course they have adopted, and it is contended that the "Dilston Castle" having correct official papers, the Company were not justified in remeasuring the vessel, but should have charged the 10 fr. per ton, the rate for vessels passing through the Canal in ballast, on 1,031 tons, the net tonnage of the vessel as shown in her official register. In support of this view I am directed to refer your Lordship to paragraphs marked §§ 1 and 2, page 8, and to paragraph marked 6, page 11, of the inclosed despatch from the British Delegates on tonnage at Constantinople.

I am directed respectfully to inquire whether Her Majesty's Government consider the Suez Canal Company justified in remeasuring the "Dilston Castle," and in charging their dues on any other tonnage than the net tonnage, as shown on the official register.

I have, &c.
(Signed) B. PLUMMER, Jun., *Secretary.*

No. 111.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, April* 12, 1875.

WITH reference to my despatch of the 2nd ultimo, I transmit to you herewith a copy of a despatch from Her Majesty's Ambassador at Vienna,* relative to the Suez Canal question; and I have to call your especial attention to the Reports therein referred to from the Austro-Hungarian Agent at Port Saïd respecting the silting up of the bed of the Canal.

A copy of Colonel Stokes' analysis, referred to in Sir A. Buchanan's despatch, is likewise inclosed for your information.†

I am, &c.
(Signed) DERBY.

No. 112.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, April* 12, 1875.

I HAVE received your despatch of the 25th of February last, inclosing a copy of a despatch from Mr. Vice-Consul Perceval, together with a list of the vessels that have been remeasured by the Suez Canal authorities since the 29th of April last; and, in now transmitting to you a copy of a Memorandum which Colonel Stokes has, at my request, drawn up on this subject, accompanied by a copy of the list containing Colonel Stokes' corrections,† I have to express to you my hope that Mr. Perceval will be able to furnish, for the future, returns of the above nature in a more perfect form, from reference to data in his own office.

I am, &c.
(Signed) DERBY.

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* No. 101. † Inclosure in No. 95.

No. 113.

Mr. Lister to the Secretary to the Admiralty.

Sir, *Foreign Office, April* 12, 1875

I AM directed by the Earl of Derby to state to you that his Lordship understands, through Her Majesty's Ambassador at Vienna, that a Report has been addressed to his Government by the Austro-Hungarian Agent at Port Saïd, to the effect that the bed of the Suez Canal is silting up to a serious extent.

It appears to Lord Derby that the survey now being made by Lieutenant Millard, R.N., of Her Majesty's ship "Torch," will probably test the accuracy of the Report made by the Austro-Hungarian Consul-General; I am, however, to suggest, for the consideration of the Lords of the Admiralty, that if the "Torch" is still at Port Saïd, Lieutenant Millard should be directed to extend his survey through the Canal to Suez, if he has not already done so.

I am to add that, as Lord Derby understands that two dredgers are at work in the Canal, his Lordship is not disposed to attach much weight to the Report of the Austro-Hungarian Consul-General unsupported by any survey; nor does he apprehend a silting-up of the Canal itself if very moderate means of maintenance are adopted.

Lieutenant Millard's survey will doubtless enable Her Majesty's Government to judge how far the more pressing danger of the closing of the Port Saïd entrance by shoals is progressing.

I am, &c.
(Signed) T. V. LISTER.

No. 114.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, April* 14, 1875.

HER Majesty's Government approve the language held by you to the Count de Vogüé, as reported in your Excellency's despatch of the 2nd instant, as well as that which your Excellency proposes to use to the Porte, with respect to the proceedings at Constantinople of the younger M. de Lesseps in connection with the affairs of the Suez Canal Company.

I am, &c.
(Signed) DERBY.

No. 115.

Sir H. Elliot to the Earl of Derby.—(Received April 14.)

My Lord, *Constantinople, April* 6, 1875.

M. CHARLES LESSEPS called upon me yesterday and explained his object in coming to Constantinople, which was, he says, as I have already informed your Lordship, to arrange means for raising the funds required for extraordinary works still necessary for putting the Suez Canal into a condition of complete efficiency.

It was out of the question to expect that this could be done out of the ordinary revenues derived from the present dues, which would only suffice for the maintenance of the Canal in its existing position, after paying the shareholders a dividend of 5 per cent.

Unless the Company were allowed to raise the funds required, the Canal must remain as it is, and the Company must not be reproached for the inconvenience to which the navigation might thereby be exposed.

To my inquiry as to the manner in which he proposed to raise these funds, he replied that he had two suggestions to make.

The one was by an increase to the present rate of dues, but this was open to the objection of disturbing an existing arrangement.

The second mode, which he would prefer, would be by deferring the moment at which the present maximum charge was to be diminished by 50 centimes per ton, which, as now fixed, might probably be towards the end of next year.

He was desirous of conducting the negotiation of the object he had in view in the

most conciliatory spirit, and he had, therefore, come to me, and hoped I would assist him in bringing it to an early conclusion, so that it might be announced to the meeting of the shareholders at the beginning of July.

I said that all I could do in the matter was to make known to your Lordship what he proposed on behalf of the Company. He must be aware that the Porte could not sanction any departure from the arrangement arrived at through the Constantinople Commission without previous concert with the Governments principally interested, and, this being the case, I thought time would have been saved if, before coming here, an attempt had been made to come to an understanding with Her Majesty's Government, as representing those upon whom the great proportion of the proposed new charge would fall.

I assured him, however, that Her Majesty's Government would listen to his representations with every disposition to act fairly and liberally by the Company, as far as a due regard to the interests of British shipping would permit them.

Whether they would be disposed to admit that nothing was to be expected from the Company in the way of making good deficiencies in the Canal till the 5 per cent. had been secured to the shareholders, was more than I could say, especially when the outlay to be incurred was for the purpose of improving their property.

Her Majesty's Government would also have to consider whether the benefits to be expected from the works proposed were such as to justify an additional charge upon shipping, and whether some guarantee might not be asked in reference to it; and that, in any case, they could not give any adhesion to the proposal upon telegraphic or vague representations of its nature, and till it had been fully submitted to them and taken into consideration.

In compliance with my request, M. Lesseps furnished me, for transmission to your Lordship, with the inclosed estimate, from which your Lordship will perceive that nearly three-fourths of the 40,000,000 fr. stated to be required are for the improvement of the Canal itself, while the remaining fourth, intended for the works of the harbour of Port Saïd, is put down as "eventual," or not immediately necessary.

With respect to that portion, I observed to M. Lesseps that, as there appeared to be considerable doubt whether the plan proposed by the Company was the one most likely to prove successful, Her Majesty's Government might expect to be satisfied of the soundness of its principle.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 115.

Travaux Projetés.

	Fr.	Fr.
1. Amélioration des gares—élargissement à 15 mètres et allongement à 1,000 mètres de toutes les gares sur les deux rives—		
Entre Ismaïlia et Port Saïd, 585,000 mètres à 2 fr.	1,170,000	
Gare de Kantara élargie à 28 mètres d'un seul côté, mais allongée à 1,000 mètres; 75,000 mètres à 4 fr.	300,000	
Entre Ismaïlia et Suez, 443,750 mètres à 2 fr. 50 c.	1,100,375	
Création de la double gare du Deversoir, 240,000 mètres à 2 fr.	480,000	
		3,059,375
2. Rectification des courbes—		
Rectification de la courbe du Lac Timsah	170,000	
Dragage pour augmenter la gare du Lac Timsah et l'appontement d'embarquement.	1,200,000	
Rectification des courbes entre Port Saïd et les Lacs Amers	1,148,800	
Rectification des courbes des Lacs Amers et Suez	690,000	
		3,208,800
3. Amélioration du Canal, section de Suez—		
Elargissement et rectification de la cavette du Canal dans la section de Suez	750,000	
4. Empierrement des berges—		
(1.) Entre Port Saïd et le kilom. 60e, 60,000 mètres à 12 fr.	720,000	
(2.) Entre le kilom. 60e et le Lac Timsah, 22,500 mètres à 12 fr.	270,000	
(3.) Entre le Lac Timsah et les Lacs Amers, 25,000 mètres à 12 fr.	300,000	
(4.) Entre Chalouf et Suez à 25,000 mètres à 10 fr.	250,000	
		1,540,000
5. Achèvement des bassins actuels de Port Saïd et rectification des talus, 610,000 mètres à 1 fr. 50 c.	915,000	
		915,000
6. Pieux d'amarrage—		
Etablissement de pieux en fonte avec massifs en maçonnerie autour des bassins de Port Saïd dans les gares et sur le parcours du Canal pour amarrage et des échouages des navires	4,494,200	
		4,494,200

	Fr.	Fr.
7. Creation de nouveaux bassins suivant le projet de la Commission Franco-Egyptienne de 1866	9,720,000	9,720,000
8. Achat de matériel pour exécuter les travaux, 3 dragues à 700,000 fr.	2,100,000	
Et 12 porteurs ou gabares à 200,000 fr.	2,400,000	4,500,000
Total		28,187,375

Travaux Eventuels.

9. Prolongement de la jetée jusqu'aux fonds de 10 mètres, 15,000 mètres à 6,000 fr. (en prévision pour tel autre travail, qui serait jugé préférable, nécessaire au maintien de l'accès facile de Port Saïd)	9,000,000	9,000,000
10. Construction de quais maçonnés autour des bassins de Port Saïd (mémoire) ..		
11. Dragages dans l'avant port pour élargir le chenal d'entrée à 200 mètres 2,250,000 mètres à 1 fr. 50 c.	3,375,000	3,375,000
Total général		40,562,375

(Translation.)

Projected Works.

1. Improvement of the sidings—widening to 15 mètres and lengthening to 1,000 mètres all the sidings on both banks—		
Between Ismaïlia and Port Saïd, 585,000 mètres at 2 fr.	1,170,000	
Kantara siding widened to 18 mètres on one side only, but lengthened to 1,000 mètres; 75,000 mètres at 4 fr.	300,000	
Between Ismaïlia and Suez, 443,750 mètres at 2 fr. 50 c.	1,100,375	
Creation of a double siding at the Deversoir, 240,000 mètres at 2 fr. ..	480,000	3,059,375
2. Straightening of curves—		
Straightening of the Lake Timsah curve	170,000	
Dredging for enlarging the Lake Timsah siding and the landing bridge ..	1,200,000	
Straightening of curves between Port Saïd and the Bitter Lakes	1,148,800	
Straightening of the Bitter Lakes' and Suez curves	620,000	3,208,800
3. Improvement of the Suez section of the Canal—		
Enlarging and straightening the bed of the Canal in the Suez section	750,000	750,000
4. Revetment of the banks—		
(1.) Between Port Saïd and the 60th kilomètre, 60,000 mètres at 12 fr. ..	720,000	
(2.) Between the 60th kilomètre and Lake Timsah, 22,500 mètres at 12 fr. ..	270,000	
(3.) Between Lake Timsah and the Bitter Lakes, 25,000 mètres at 12 fr. ..	300,000	
(4.) Between Chalouf and Suez, 25,000 mètres at 10 fr.	250,000	1,540,000
5. Completion of the existing basins at Port Saïd and straightening the slant of the sides, 610,000 mètres at 1 fr. 50 c.	915,000	915,000
6. Mooring posts—		
Establishing cast iron posts with stonework foundations round the basins at Port Saïd, at the sidings, and along the banks of the Canal, for mooring vessels and assisting them to float when aground	4,494,200	4,494,200
7. Creation of new basins in accordance with the Franco-Egyptian Commission of 1866.	9,720,000	9,720,000
8. Purchase of plant for carrying out the works, 3 dredges at 700,000 fr.	2,100,000	
And 12 bearers or lighters at 200,000 fr.	2,400,000	4,500,000
Total		28,187,375

Eventual Works.

9. Prolongation of the jetty into waters 10 mètres deep, 15,000 mètres at 6,000 fr. (contemplated in the absence of any other works which might be thought preferable for maintaining easy access to Port Saïd)	9,000,000	9,000,000
10. Construction of stonework quays round the Port Saïd basins (estimate).		
11. Dredging the outer port in order to enlarge the entrance channel to 200 mètres, 2,250,000 mètres at 1 fr. 50 c.	3,375,000	3,375,000
General Total		40,562,375

No. 116.

Sir H. Elliot to the Earl of Derby.—(*Received April* 14.)

(Extract.) *Constantinople, April* 7, 1875.

IN my preceding despatch I reported to your Lordship my conversation with M. Charles Lesseps in reference to the extraordinary works proposed for the Suez Canal.

It is only just to M. Lesseps to state that he showed a disposition to discuss the question in a conciliatory spirit.

Safvet Pasha, during the sittings of the Constantinople Commission, did not hold an office which obliged him to follow its proceedings, and as he tells me that he has not even read the Report upon which the present arrangement was based, your Lordship will understand that it is not easy to discuss the question with him.

He spoke to me of the claims which the Company was accumulating against the Porte without the slightest appearance of anxiety upon that head, and merely asked what I thought about them.

I said that as the Report of the Commission had been unanimously adopted, it seemed hardly possible that any Government, however favourably disposed to M. de Lesseps, could support the claim, and it might therefore be disregarded without any risk.

But, while I do not believe that it need be feared that M. Charles Lesseps will obtain from the Porte anything more than an engagement to make his present proposal known to the different Governments with an intimation that, on its part, it would not object to it, his presence has already had the effect of preventing me from receiving the replies to the representations made by the instructions of Her Majesty's Government so many months ago.

Those replies were drawn up and were to have been sent to me the following day, when it was thought advisable to keep them back till it was seen what M. Lesseps had to say.

I have spoken strongly on the subject to Safvet Pasha and the Grand Vizier, and have represented that M. Lesseps' new application having nothing to do with the notes in question, Her Majesty's Government have a right to resent any further delay.

I should, perhaps, state to your Lordship that, when M. Lesseps spoke of his wish that his proposal should be examined in a friendly spirit, I remarked that however much disposed Her Majesty's Government might be to do so, they could not but remember the persistent determination of the Company to disregard the decisions of the Constantinople Commission and the Porte, by causing every ship to be re-measured, instead of accepting, as it was bound to do, the official register as the basis for the dues.

He treated this point as one of small importance, which, he said, he could easily get rectified at Paris if he saw a disposition to entertain his present proposal favourably, but he attempted to justify the proceeding by affirming that the special Suez Canal certificate was not an official register.

I did not consider this assurance sufficient to induce me to desist from pressing the Porte to answer my notes, and to send the necessary instructions to the Khedive.

No. 117.

Mr. Lister to the Secretary of the Newcastle Chamber of Commerce.

Sir, *Foreign Office, April* 16, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter, with its inclosure, of the 12th instant, relative to the remeasurement by the Suez Canal Company of the British steamer "Dilston Castle," on the occasion of her passing through the Canal; and I am, in reply, to state to you, for the information of the Newcastle Chamber of Commerce, that their representation on this subject shall receive the consideration of Her Majesty's Government.

I am, &c:

(Signed) T. V. LISTER.

No. 118.

The Secretary to the Admiralty to Mr. Lister.—(*Received April* 17.)

Sir, *Admiralty, April* 16, 1875.

WITH reference to your letter of the 12th instant, in regard to the representation made by the Austro-Hungarian Government Agent at Port Saïd relative to the silting up of the bed of the Suez Canal, and to the Earl of Derby's suggestion that Lieutenant Millard should be directed to extend his survey at that port through the Canal to Suez, I am commanded by my Lords Commissioners of the Admiralty to request you will inform his Lordship that Lieutenant Millard has completed his survey, and is probably by this time at Malta, but that advantage will be taken of the return of Her Majesty's ship "Shearwater" to England for an examination of the depth of the Canal to be made on her passage.

2. The "Shearwater" will be coming home during the ensuing summer.

I am, &c.

(Signed) ROBERT HALL.

No. 119.

Mr. Lister to Mr. Farrer.

(Extract.) *Foreign Office, April* 19, 1875.

WITH reference to your letter of the 10th instant, I am directed by the Earl of Derby to state to you, for the information of the Lords of Trade, that his Lordship has received a further telegram from Her Majesty's Ambassador at Constantinople, wherein his Excellency reports that, having communicated to the Turkish Minister for Foreign Affairs the substance of Lord Derby's despatch, embodying the views expressed in your letter of the 28th of July last as to any proposal respecting the new works for the Suez Canal, the Turkish Minister asked what he would advise him to do, the Minister having received a communication on the subject from M. de Lesseps.

Sir H. Elliot replied that his course was quite clear. He should answer that the Porte could sanction no increase of dues without concert with the Governments interested, but that the proposal should be communicated to them.

The Minister having suggested that the proposal might be taken into consideration at a meeting of the heads of Missions, Sir H. Elliot replied that this was out of the question; that Her Majesty's Government would expect the proposal to be submitted to them, and that it would require close examination.

Her Majesty's Ambassador states that his Excellency has requested Sir H. Elliot to assure Her Majesty's Government that the Porte would not act in a manner contrary to its engagements.

No. 120.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, April* 19, 1875.

HER Majesty's Government approve your proceedings and language as reported in your Excellency's despatches dated respectively the 6th and 7th instant, with regard to M. Charles Lesseps' scheme for raising money to meet the cost of repairs to the Suez Canal.

I am, &c.

(Signed) DERBY.

No. 121.

Mr. Trevor to Mr. Lister.—(*Received April* 20.)

Sir, *Board of Trade, Whitehall Gardens, April* 19, 1875.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 10th instant, with reference to former correspondence on the subject of the Suez

Canal, and more especially to your letter of the 7th instant, in which you state that, from telegrams since received from Her Majesty's Ambassador at Constantinople, it appears that the younger M. de Lesseps had imparted to his Excellency his views respecting the proposed scheme for raising money to meet the cost of repairing the Suez Canal.

The Board of Trade desire me to state for the information of the Earl of Derby, that they see nothing in your communication of the 16th instant to modify in any way their opinions as set forth in their letter to the Forign Office of the 10th instant.

I have, &c.

(Signed) C. CECIL TREVOR.

No. 122.

Sir H. Elliot to the Earl of Derby.—(*Received April* 21.)

(Extract.) *Constantinople, April* 13, 1875.

IN order to put Safvet Pasha in possession of the views of Her Majesty's Government respecting any proposal in regard to extraordinary works that might be required in the Suez Canal, I sent him, a few days ago, the substance of your Lordship's despatch of the 3rd of August last.

My language respecting the proposition to be made to the Porte would, I said, be strictly in conformity with that instruction.

His Excellency informed me to-day that he had received the expected communication from M. Charles Lesseps, which was of the nature that I have already reported, and he asked me what I should advise him to do in the matter.

I replied that his course appeared so clear that I did not imagine that he could feel any embarrassment on the subject; and I read to him the engagement taken by the Porte, and recorded in the Report of the Constantinople Commission, not to sanction any increase in the dues without concert with the Governments principally interested.

He should state this to M. Lesseps, and say that he would communicate his proposal to the different Governments for their consideration.

Safvet Pasha asked whether it would not be sufficient if the proposal was submitted to the foreign Representatives, and taken into consideration by them at a meeting called by their Doyen.

I said that such a course was altogether out of the question.

I did not suppose that any Minister would consider himself authorized to sanction a new charge being laid upon the ships of his nation, and that, for myself, at least, I could answer that I should not even express an opinion upon the merits of the proposal till it had been submitted to Her Majesty's Government, and had received from them the careful examination which the important British interests involved rendered imperative.

Safvet Pasha finally told me that I might assure your Lordship that you may feel confident that the Porte will not take any step contrary to the engagement entered into.

M. Lesseps has engaged that, if his proposal is agreed to, the Company will cease to hold the Porte liable, as it now professes to do, for the loss caused by the Tariff imposed upon it.

No. 123.

Sir H. Elliot to the Earl of Derby.—(*Received April* 21.)

My Lord, *Constantinople, April* 13, 1875.

IN my despatch I informed your Lordship of the two modes by which M. Charles Lesseps said the funds might be raised for the extraordinary works on the Suez Canal.

In his letter to Safvet Pasha these are stated more in detail.

He suggests that it should be either by a "droit de stationnement" of 1 fr., or by postponing the period when the diminution of the Tariff is to begin, in such a manner as to be equivalent to one additional franc.

In his statement of the permanent expenses of keeping up the Canal, a dividend

of 5 per cent. to the shareholders, amounting to 10,000,000 fr. annually, is put down apparently as a first charge, to be met before improvements can be provided for.

A sum of 1,700,000 fr. is also put down on account of interest due to the shareholders from 1870 to 1874, while the Canal was "unproductive," the term meaning, I imagine, insufficient to allow of a 5 per cent. dividend.

I pointed these items out to Safvet Pasha, as evidence that Her Majesty's Government would have to examine, not only the merits and necessity of the proposed works, but also the calculations of M. Lesseps as to the means that may already be available.

I have, &c.
(Signed) HENRY ELLIOT.

No. 124.

The Earl of Derby to Mr. Adams.

Sir, *Foreign Office, April* 22, 1875.

I TRANSMIT to you herewith, for your information, copies of the papers marked in the margin,* respecting the proposals of the Suez Canal Company to raise funds for the purpose of repairing the Canal.

I am, &c.
(Signed) DERBY.

No. 125.

The Secretary to the Admiralty to Mr. Lister.—(Received April 22.)

Sir, *Admiralty, April* 21, 1875.

WITH reference to my letter of the 18th February and previous correspondence, respecting the payment of dues by Her Majesty's ships in passing through the Suez Canal, I am commanded by my Lords Commissioners of the Admiralty to acquaint you that they have received information from the Principal Transport Officer at Alexandria to the effect that, as Her Majesty's ship "Iron Duke" on her arrival at Suez through the Canal had no certificate from the Board of Trade, the Canal authorities declined to accept a provisional certificate, and measured her, on the 23rd March, under protest from her Captain, the result giving a gross tonnage of 3,735·919 and a net tonnage of 2,554·205, upon which payment to the amount of 1,278*l.* 8*s.* 5*d.* was claimed, and was paid, under protest.

2. As the net register tonnage of the "Iron Duke," according to the measurement made in this Office, is 2,033 tons, the payment made on 2,554 tons involves a difference of 208*l.* 18*s.*

3. My Lords would therefore propose that the "Iron Duke" should be measured on her arrival by the Board of Trade, with a view to reclaiming from the Company the difference which may then appear between the amount due and that which has been paid; and I am to request that you will move the Earl of Derby to cause them to be informed whether he has any objection to this course being adopted.

I am, &c.
(Signed) ROBERT HALL.

No. 126.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, April* 26, 1875.

HER Majesty's Government approve the language held by you to Safvet Pasha, as reported in your Excellency's despatch of the 13th instant, with respect to M. C. Lesseps' proposal for raising funds to meet the cost of extraordinary works in the Suez Canal.

I am, &c.
(Signed) DERBY.

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* Nos. 115 and 116.

No. 127

Mr. Trevor to Mr. Bourke.—(Received April 26.)

Sir, *Board of Trade, Whitehall Gardens, April 24, 1875.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 19th instant, stating that the Earl of Derby has received a further telegram from Her Majesty's Ambassador at Constantinople, reporting the substance of communications which had passed between his Excellency and the Turkish Minister on the matters referred to in Lord Derby's despatch addressed to Sir H. Elliot on the 3rd of August last, respecting the new works for the Suez Canal.

In reply, I am to request that you will state to Lord Derby that the Board of Trade are of opinion that Sir H. Elliot should be supported in insisting on the course intimated in the last paragraph of Lord Derby's despatch above named, viz., that any proposals for increase of taxation upon vessels using the Canal should be submitted by the Company to the Porte, who should then refer them to the Maritime Powers.

I have, &c.
(Signed) C. CECIL TREVOR.

No. 128.

*Mr. Lister to Mr. Farrer.**

Sir, *Foreign Office, April 30, 1875.*

WITH reference to the letter from this Office of the 16th instant, I am directed by the Earl of Derby to state to you, for the information of the Lords of Trade, that his Lordship has received a telegram from Her Majesty's Ambassador at Constantinople, dated the 24th instant, to the effect that M. Lesseps has made a strong appeal for delay on the part of the Porte in sending letters to the Viceroy of Egypt, saying that, if an arrangement were come to on the new proposal of the Company, their acceptance of last year's decisions would make the step unnecessary.

Sir H. Elliot further reports that he had urged the Porte to send the letters without regard to the new proposal; but his Excellency adds that, if Her Majesty's Government believe that there is a probability of coming to an understanding about this matter, and thus obtaining an amicable solution, it might be desirable to postpone their transmission.

Sir H. Elliot at the same time submits, for the consideration of Lord Derby, whether it would not be sufficient if he got the Porte to answer that they concur in the views expressed in his Excellency's notes, but that they deferred writing to the Viceroy till it was seen whether the arrangement proposed by M. de Lesseps can be made.

I am, &c.
(Signed) T. V. LISTER.

No. 129.

Sir H. Elliot to the Earl of Derby.—(Received April 30.)

My Lord, *Constantinople, April 21, 1875.*

I YESTERDAY again pressed Safvet Pasha to let me have the answer of the Porte to the communications which I had been instructed to make about the Suez Canal, and asked him how I was to explain this persistent delay to Her Majesty's Government.

He repeated, as I had often before been told, that the answer was ready, and the letters to the Khedive prepared; but on this occasion he allowed me to read the latter as they had been drawn up, and asked me what I thought of them. They appeared to me so nearly such as Her Majesty's Government desired, that I did not think it advisable to press for the slight modifications which seemed desirable, as my doing so would certainly have entailed a fresh and indefinite delay.

The latter stated that complaints had been made that the Company refused to

* A similar letter was addressed to the Treasury.

accept the official certificates, and insisted upon the remeasurement of the ships, which would be contrary to the decision that had been arrived at, and the Viceroy was therefore called upon to inquire into it, and to take such steps as might be necessary in the matter.

The imposition of a tonnage-duty on vessels accompanied, but not towed, by their own tenders, was also pointed out as an abuse which was not justified.

With regard to the form of protest now made by the Company against the present tariff, the letter did not direct the Viceroy to call upon the Company to desist from issuing it, but to declare that the tariff having been regularly fixed, the Porte considered it right to place upon record that it regarded the protest as null and void.

I pointed out to Safvet Pasha that in this respect the Porte had not gone as far as they had been invited to do by Her Majesty's Government; but, for the reasons I have stated, I did not try to insist upon the letter being changed.

I have, &c.
(Signed) HENRY ELLIOT.

No. 130.

Sir H. Elliot to the Earl of Derby.—(*Received April* 30.)

My Lord, *Constantinople, April* 21, 1875.

WITH reference to my preceding despatch, I have the honour to inform your Lordship that when I pressed Safvet Pasha for an answer to my notes on the Suez Canal, he said that General Ignatiew had been speaking to him on the subject, and had recommended him to defer sending the answers till after an understanding had been come to upon M. de Lesseps' new propositions, as the Company would then be willing to withdraw from further opposition.

M. Charles de Lesseps told me last night that he had written to recommend the Directors to show their conciliatory disposition by accepting the certificates and ceasing to measure the ships, but I do not propose upon that account, to desist from pressing for the answers.

I have, &c.
(Signed) HENRY ELLIOT.

No. 131.

Sir H. Elliot to the Earl of Derby.—(*Received April* 30.)

My Lord, *Constantinople, April* 21, 1875.

SAFVET PASHA mentioned to me yesterday that the Russian Ambassador had suggested to him that it would be proper to communicate M. de Lesseps' new proposal to the Khedive.

I said that I perfectly agreed with my colleague in considering it an indispensable step.

The Viceroy had more than once observed to me that, as the contract with the Company was made by him and only ratified by the Porte, it could not be modified without his consent, and His Highness' right to take this ground could not be disputed.

Safvet Pasha said he took the same view, and would forward M. Charles de Lesseps' communication to the Khedive.

I have, &c.
(Signed) HENRY ELLIOT.

No. 132.

Sir H. Elliot to the Earl of Derby.—(*Received April* 30.)

My Lord, *Constantinople, April* 23, 1875.

I HAVE the honour to inclose a copy of the communication of M. Charles Lesseps to the Porte in reference to the extraordinary works upon the Suez Canal, which has been given me by that gentleman.

In a conversation with him two days ago, I gathered that the item of 1,700,000 francs,

to which I have already alluded, together with the further item of 300,000 francs, will in fact be permanent charges on the revenue, as they apparently represent interest on loans out of which the dividends of the first four years were paid.

His arguments in justification of the unusual course that had been followed in this respect appeared very weak; but he was probably correct when he represented that the shareholders, while they cannot refuse the amount required for the maintenance of the Canal, would not consent to devote money out of the ordinary revenue for extraordinary works until they had secured a reasonable dividend to themselves.

I remarked, that unless I was mistaken, works that the Company was bound to perform had been included in the proposed "extraordinary works," which M. Lesseps admitted to be the case to a certain extent.

He discussed the matter with great fairness, and said he had written to recommend the Directors to send some one to London to communicate their views to Her Majesty's Government; and, in order to put an end to the attitude of hostility still prevailing, he had also advised the abandonment of the protest, and of the remeasurement of the ships.

I have, &c.
(Signed) HENRY ELLIOT.

Inclosure in No. 132.

Communication made by M. Charles Lesseps to the Porte.

LES dépenses de la Compagnie du Canal du Suez peuvent être divisées en deux catégories: les dépenses obligatoires, qui comprennent l'entretien et l'exploitation du Canal; les dépenses d'amélioration réclamées par la navigation qu'elles intéressent particulièrement.

Les dépenses obligatoires sont les suivantes:—

	Fr.
Charges sociales (intérêt et amortissement des emprunts, contrôle du Gouvernement)	11,700,000
Entretien du Canal, dépenses d'exploitation, frais généraux	5,400,000
Domaine (frais généraux, création de voies, appropriation de terrains)	450,000
Eaux (dépense relative à la conduite, qui, partant d'Ismailia, fournit, entre cette localité et Port Saïd, ainsi qu'à cette dernière ville, la seule eau potable)	200,000
Entretien du matériel	300,000
Intérêt de 400,000 titres représentant les coupons dus aux actionnaires pour la période improductive de Juillet 1870 à Juillet 1874	1,700,000
Dans peu d'années, cette dépense sera augmentée, pour l'amortissement de ces 400,000 titres de	300,000
Intérêt à 5 pour cent du capital social	10,000,000
Total	30,050,000

On remarquera que, dans ce chiffre de dépenses de 30,000,000 francs, aucune somme n'est portée, ni pour l'imprévu, ni pour des acquisitions de matériel, ni pour aucun travail nouveau.

Et cependant l'imprévu doit nécesssairement se produire, il se produira notamment à Port Saïd, où le chenal d'accès demande un travail constant pour être maintenu dans les conditions primitives.

Les acquisitions de matériel seront successivement nécessitées par l'usure des machines actuellement employées qui ont servi à la construction du Canal.

Les travaux nouveaux présentent un caractère d'utilité qui ne peut être contesté: ils auraient, en effet, pour objet principal d'améliorer la facilité du passage proportionellement à l'accroissement du trafic. On parerait ainsi à un inconvénient grave qui, sans cela, ne tardera pas à se produire: la durée de la traversée d'une mer à l'autre augmentée en raison même du développement de la navigation.

Voici sous réserve des modifications ou additions que l'expérience ferait apporter à ce programme, les travaux actuellement prévus que la Compagnie entreprendrait si ses ressources le lui permettraient, l'exécution en étant bien entendu répartie sur un assez grand nombre d'années:—

TRAVAUX PROJÉTÉS.

	Fr.
Amélioration des gares	3,059,375
Rectification des courbes	3,208,800
Elargissement du Canal dans la section de Suez	750,000
Empierrement des verges	1,540,000
Achèvement des bassins actuels de Port Saïd	915,000
Etablissement de pieux d'amarrage en fonte, avec massifs en maçonnerie, autour des bassins de Port Saïd, dans les gares et sur le parcours du Canal pour amarrage et déséchouage des navires	4,494,200
Création de nouveaux bassins, suivant le projet de la Commission Franco-Egyptienne de 1866	9,720,000
Achat de matériel pour exécuter les travaux	4,500,000
Total	28,187,375

TRAVAUX EVENTUELS.

Travaux en vue du maintien de l'accès facile de Port Saïd (prolongement de la jetée, ou tel autre système qui serait reconnu préférable)	9,000,000
Construction de quais maçonnés autour des bassins de Port Saïd. Mémoire.	
Dragages dans l'avant-port de Port Saïd pour élargir le chenal d'entrée ..	3,375,000
Total-général	40,562,375

Or, quels sont les moyens dont dispose la Compagnie pour couvrir ces dépenses de diverse nature ?

Le tarif imposé le 29 Avril, 1875, à la Compagnie du Canal de Suez lui fait, dans le présent, subir une perte immédiate de 10 à 11 pour cent et, pour l'avenir, en supposant l'application ultérieure de ce mode de perception avec toutes ces conséquences, il limiterait la recette annuelle, pendant un temps indéterminé, à 30,000,000 francs.

On sait que la Compagnie perçoit, sous toute réserve de ses droits, 14 francs par tonne pour les navires jaugés d'après le système Moorsom, 13 francs pour les navires jaugés d'après le systéme Danubien, et 10 francs pour les navires de guerre et les navires sur lest.

De plus la Sublime Porte a manifesté l'intention que cette perception soit successivement abaissée jusqu'à 10 francs, le tarif décroissant de 50 c. par 100,000 tonnes depuis 2,100,000 tonnes de trafic annuel jusqu'à 2,700,000 tonnes.

Cette décroissance est calculée de telle sorte que la recette de la Compagnie attendrait, dans cette hypothèse, son maximum lorsqu'il y aurait 2,100,000 tonnes traversant le Canal, et qu'elle resterait stationnaire jusqu'à ce que le nombre des navires transitant représentât un mouvement de plus de 2,700,000 tonnes. Or le tonnage de 1874 étant à peine supérieur à 1,600,000 tonnes, il faudrait une augmentation de trafic de 1,200,000 tonnes environ que la Compagnie commençât à voir dépasser ce maximum dans une proportion tant soit peu appréciable. Cette indication suffit à montrer que cette espérance est ajournée à une époque éloignée et que nul ne saurait préciser.

Qu'elle serait donc, pendant cette longue période de transition, la situation de la Compagnie ?

Les recettes se décomposeraient ainsi :—

	Fr.
Droit de navigation sur 2,100,000 tonnes, à 13 fr. .. .. .. Nous prenons cette base, admettant que lorsqu'on sera arrivé à ce chiffre de tonnage, tous les navires seront jaugés d'après le système Danubien. Nous ne mentionnons pas les navires de guerre et sur lest, dont la quantité est essentiellement variable, et n'est pas d'ailleurs fort importante.	27,300,000
Recettes de pilotage, passagers, remorquage, passage des barques, domaine, eaux	2,800,000
Total	30,100,000

Si l'on rapproche cette recette de trente millions du montant des dépenses obligatoires annuelles, et bien que dans ces dernières les actionnaires ne figurent que pour un simple revenu de 5 pour cent, on voit que la recette couvre à peine la dépense.

Les travaux d'amélioration et l'imprévu n'ont aucune part dans cette évaluation. Et cependant nous avons montré combien le commerce est intéressé à l'exécution de ces travaux d'amélioration que la Compagnie avait entrepris dès l'ouverture du Canal Maritime, malgré la modicité de ces recettes, mais qu'elle a du forcément interrompre lorsqu'elle s'est vue, par suite de la décision récente de la Sublime Porte, contrainte de subir un tarif qui, même en tenant compte d'une augmentation de trafic, ne permettra en définitive de faire face qu'aux dépenses obligatoires.

L'état de choses actuel continuant, on ne saurait prévoir le moment où ces travaux pourraient être repris.

En effet, lorsqu'il s'agit d'un travail neuf, le Conseil d'Administration de la Compagnie ne peut l'entreprendre que lorsqu'il y est autorisé par l'assemblée des actionnaires. Comment pourrait-il même lui demander un pareil sacrifice ? Les actionnaires du Canal de Suez ont dû contracter des emprunts onéreux occasionnés par les difficultés que la politique leur a suscitées pour l'achèvement de l'œuvre ; ils ont été privés pendant quatre ans de tout revenu ; ils ne jouiront d'un intérêt assuré de 5 pour cent que lorsque le revenu annuel atteindra une trentaine de millions. (Le revenu de 1874 n'a été que de 25,700,000 francs encore, bien que le tonnage établi sur la capacité utilisable ait servi de base à la perception pendant la première partie de l'année.) Les actionnaires n'autoriseraient pas certainement leur Conseil d'Administration à diminuer leur modeste revenu pour exécuter des travaux uniquement profitables à une navigation qui bénéficie en ce moment du tarif non rémunérateur imposé à la Compagnie.

C'est là une situation qu'il est de l'intérêt général de faire cesser et il était du devoir de la Compagnie de la signaler à la haute attention du Gouvernement Impérial.

En vue de couvrir les dépenses afférentes aux trauvaux d'amélioration ainsi que les dépenses dont il est sage de tenir compte, la Compagnie doit songer à se procurer des ressources spéciales qui peuvent être trouvée de deux manières : ou par l'établissement d'une taxe de stationnement ou autre d'un franc par tonne, ou par l'éloignement de la décroissance projetée du tarif, dans une proportion à déterminer, de manière à équivaloir à une augmentation de perception d'un franc par tonne.

Par l'adoption de l'un de ces deux systèmes, la Compagnie serait mise à même de pourvoir à des nécessités d'un intérêt général ; mue par un large espirt de conciliation et consentant à de réels sacrifices, elle pourrait alors proposer à ses actionnaires l'acceptation du tarif qui lui a été imposé, n'attendant que du développement futur du mouvement commercial la part de bénéfice à laquelle lui donne si légitimement droit le service rendu par elle au monde entier.

(Translation.)

THE expenditure of the Suez Canal Company may be divided into two categories ; necessary expenditure, including the maintenance and working of the Canal : expenditure for improvements required specially in the interests of shipping.

The necessary expenditure comprises the following : —

	Fr.
Social charges (interest and sinking fund of loans, expenses of administration)..	11,700,000
Maintenance and working of the Canal, and general expenses	5,400,000
Estates (general expenses, construction of roads, purchases of land).. ..	450,000
Water (expenses in connection with the aqueduct from Ismaïlia, which provides the district between there and Port Saïd, as well as the latter town, with the only drinkable water)	200,000
Maintenance of the plant	300,000
Interest on 400,000 bonds, representing interest due to the shareholders during the unproductive period from July 1870 to July 1875..	1,700,000
In a few years this expenditure will be increased in order to pay off those 400,000 bonds by	300,000
5 per cent. interest on share capital	10,000,000
Total	30,050,000

It must be noticed that in this estimate of expenditure of 30,000,000 francs, no provision is made for unforeseen contingencies, or for the purchase of new plant, or for any new works.

Yet unforeseen contingencies must arise, specially at Port Saïd, where constant labour is necessary to keep the entrance channel in its original condition.

New plant will have to be purchased as fast as the machinery wears out which is actually in use and has served for the construction of the Canal.

The useful character of the new works proposed cannot be disputed ; for their principal object would be to improve and facilitate the passage of the Canal in proportion as the traffic increases. Thus a serious inconvenience would be averted which must occur before long, viz., the increase in the time occupied by the journey from one sea to the other consequent upon the development of traffic.

The following are, with reservation of any modifications or additions which experience may suggest, the works which are actually contemplated by the

Company, should its resources permit thereof, but the execution of which would, of course, be spread over a considerable number of years :—

WORKS PROJECTED.

	Fr.
Improvement of the sidings	3,059,375
Straightening of curves	3,208,800
Widening the Canal in Suez section	750,000
Revetment of the banks	1,540,000
Completion of present basins at Port Saïd	915,000
Establishment of mooring posts in cast iron, with stonework foundations, round the Port Saïd basins, in the sidings and along the banks of the Canal for mooring ships, and assisting them to float when aground	4,494,200
Creation of new basins in accordance with the project of the Franco-Egyptian Commission of 1866	9,720,000
Purchase of plant for carrying out these works	4,500,000
Total	28,187,375

EVENTUAL WORKS.

Works for maintaining an easy entrance to Port Saïd (prolongation of jetty or such other plan as may be held preferable)	9,000,000
Construction of stonework quays round Port Saïd Basins (estimate)	
Dredging in the fore-port of Port Saïd for widening the entrance channel ..	3,375,000
General total	40,562,375

Now what resources does the Company possess for defraying these various expenses?

The tariff imposed on 29th April, 1875, upon the Suez Canal Company inflicts upon it an immediate loss for the present of 10 or 11 per cent., and in the future the continued application of this mode of levying the dues with all its consequences would limit the annual receipts of the Company to 30,000,000 fr. for an indefinite period.

It is known that the Company levies, with full reservation of its rights, 14 fr. per ton on vessels measured according to the Moorsom system ; 13 fr. on vessels measured according to the Danubian system ; and 10 fr. on vessels of war and those in ballast.

Moreover, the Porte has manifested the intention of lowering this rate gradually to 10 fr., the tariff decreasing by 50 centimes per 100,000 tons from 2,100,000 tons of annual traffic to 2,700,000 tons.

This diminution is so calculated that the receipts of the Company would, on this supposition, attain their maximum when 2,100,000 tons passed through the Canal, and remain stationary until the number of vessels in transit should exceed 2,700,000 tons. Now as the tonnage of 1874 hardly exceeded 1,600,000 tons, it would require an increase of traffic of about 1,200,000 tons for the Company to see that maximum exceeded in any appreciable degree. These figures suffice to show that such hopes must be deferred to some distant date which it would be impossible to determine.

What would be the situation of the Company during this long period of transition ?

The receipts of the Company might be thus subdivided :—

	Fr.
Navigation dues on 2,100,000 tons at 13 fr.	27,300,000
(We take this basis, assuming that, by the time the tonnage passing through the Canal reaches that figure, all vessels will be measured according to the Danubian Rules. We do not mention vessels of war, and those in ballast, as their number is necessarily variable, and never, moreover, of much importance.)	
Receipts for pilotage, passengers, towage, ferries, estates, water	2,800,000
Total	30,100,000

A comparison of these receipts of 30,000,000 fr. with the amount of annual necessary expenses, although allowance is only made in the latter for a revenue of 5 per cent. to the shareholders, will show that the receipts barely cover the expenditure.

Works of improvement and unforeseen contingencies are not taken into account in this estimate. And yet we have shown how deeply commerce is interested in those works of improvement which the Company, notwithstanding the paucity of its receipts, had undertaken as soon as the Canal was opened, but which it has found itself compelled to suspend, since the recent decision of the Porte has forced upon it a tariff which, with due allowance even for an increase of traffic, will in point of fact only allow means to meet the strictly necessary expenses.

Were the present state of things to continue, it would be impossible to tell when those works might be resumed.

For when new works are contemplated, they cannot be undertaken by the Administrative Council of the Company without the authorization of a meeting of shareholders. How could the Council even ask of them such a sacrifice? The shareholders of the Suez Canal have been obliged to raise heavy loans, necessitated by the difficulties which political considerations have thrown in the way of the achievement of their enterprize; during four years they have been deprived of all revenue, and an interest of 5 per cent. will be secured to them only when the annual revenue reaches 30,000,000 fr. (The revenue of 1874 only amounted to 25,700,000 fr., although the tonnage dues were levied during the first part of the year on the basis of utilizable capacity). The shareholders would certainly not authorize the Administrative Council to reduce their slender revenue in order to execute works for the sole advantage of shipping which already benefits by the unremunerative tariff imposed on the Company.

It is a matter of universal interest that such a condition of things should cease, and it was the duty of the Company to draw to it the attention of the Imperial Government.

With a view to defray the expenses connected with the works of improvement as well as those of which it is wise to take into account the possible contingency, the Company must think of providing itself with special resources, which can be procured in two different ways: either by establishing a berthing or other due of 1 fr. per ton, or by postponing the projected diminution of the tariff, in a proportion to be hereafter determined equivalent to an increase of 1 fr. per ton in the dues.

By the adoption of one or other of these plans, the Company would be enabled to provide for necessary undertakings of universal interest; and, animated by a liberal spirit of conciliation, ready to make real sacrifices, it might propose to the shareholders the acceptance of the tariff imposed upon it, awaiting only from the future growth of commercial traffic that share of benefit to which it is so justly entitled by a service rendered to the whole of the world.

No. 133.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, May* 1, 1875.

HER Majesty's Government have had under their consideration your Excellency's telegram of the 12th instant, reporting the substance of the communications which had passed between yourself and Safvet Pasha, respecting the matters referred to in my despatch of the 3rd of August last, in connection with the proposed new works for the Suez Canal; and I now have to inform your Excellency that Her Majesty's Government adhere to the opinion expressed in the last paragraph of my above-mentioned despatch, viz., that any proposal for an increase of taxation upon vessels using the Canal should be submitted by the Company to the Porte, who should then refer them to the Maritime Powers.

I am, &c.
(Signed) DERBY

No. 134.

The Secretary to the Admiralty to Mr. Bourke.—(Received May 4.)

Sir, *Admiralty, May* 3, 1875.

I AM commanded by my Lords Commissioners of the Admiralty to state, for the information of Earl Derby, that the commanding officer of Her Majesty's ship "Helicon," which lately passed through the Suez Canal, has reported that the Canal authorities demurred, and at first refused to accept a bill on the Accountant-General of the Navy, drawn at three days' sight, stating that all Her Majesty's ships, except the Indian troop ships, drew their bills at sight.

2. The refusal of the Company appears to be grounded on their own regulations, which require payment in advance at Paris, or, in default, by bills drawn at sight; and it is the fact that bills have come to hand from Paymasters of Her Majesty's ships expressing to be drawn at sight, but the holders themselves either altered them to "three days after sight," or made no objection to the alteration being made in office.

3. The period of three days is prescribed by the Act 2, William IV, cap. 40, sec. 8, and it would be impracticable for the Admiralty actually to pay any bill at sight.

4. As the Canal Company makes no objection to the three-day bills drawn by the Paymasters of the Indian troop-ships, and as complication might otherwise possibly arise, my Lords would submit for Earl Derby's consideration whether the Canal Company should not be informed that the rule of the service is to make payment by the three-day bills, which are considered equivalent to cash, and are, it may be said, universally so accepted.

I am, &c.
(Signed) ROBERT HALL.

No. 135.

Mr. Swanston to Mr. Bourke.—(Received May 5.)

Sir, *Board of Trade, Whitehall, May 4, 1875.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 16th ultimo, transmitting, by direction of the Earl of Derby, a letter, with its inclosures, from the Newcastle Chamber of Commerce, relative to the remeasurement, by the Suez Canal Company, of the British steamer "Dilston Castle," and requesting to be furnished with the observations of this Department thereupon.

In reply, I am to state, for his Lordship's information, that the Board are advised that the Suez Canal Company were justified in measuring this vessel according to the Danube rule, and in charging their dues upon that measurement, as the only privilege granted to vessels in ballast is that they shall not pay the surtax of 3 fr. per ton.

I am, however, to add that, in the result given by the Canal Company, the deduction for crew space would appear to have been overlooked; but this point can only be satisfactorily solved by the owners applying for a Suez Canal special tonnage certificate.

I have, &c.
(Signed) J. G. SWANSTON

No. 136.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, May 6, 1875.*

I TRANSMIT to you herewith a copy of a letter from the Board of Admiralty,* stating that difficulties had been raised on the part of the Suez Canal Company to accepting a bill on the Accountant-General of the Navy, drawn at three days' sight, in payment of the dues charged on Her Majesty's ship "Helicon;" and I have to instruct you to endeavour to effect an arrangement of this matter with the Canal Company, pointing out to them that the regulations of Her Majesty's service require that all bills on the Board of Admiralty should be payable at three days sight; and that such bills, which are considered equivalent to cash, are, it may be said, universally accepted.

I am, &c.
(Signed) DERBY.

No. 137.

Sir H. Elliot to the Earl of Derby.—(Received May 10.)

My Lord, *Constantinople, April 24, 1875.*

M. CHARLES LESSEPS, having heard from Safvet Pasha of the proposed transmission of the letters to the Khedive of Egypt which, as I informed your Lordship by my despatch of the 21st instant, are lying ready at the Porte, has appealed to me to consent to further delay.

He declares that, if an arrangement is made in the sense of his new proposal, the Suez Canal Company will make them unnecessary by their acceptance of the decisions of last year.

If Her Majesty's Government believe that there is any probability of arriving at an amicable solution of the question by such an arrangement, it might be desirable to

* No. 134.

postpone the transmission of the letters, although I had urged the Porte to send them, irrespectively of the new proposal. In that case it might be sufficient if I were to induce the Porte to send an answer to my notes, concurring in the views of Her Majesty's Government expressed in them, but stating that they would defer writing to the Khedive until the result of the negotiations on the new proposal is known.

I have, &c.
(Signed) HENRY ELLIOT.

No. 138.

Lord Tenterden to Mr. Plummer, Jun.

Sir, *Foreign Office, May* 10, 1875.

WITH reference to the letter from this Office of the 16th ultimo, I am directed by the Earl of Derby to state to you, for the information of the Newcastle Chamber of Commerce, that his Lordship has considered, in communication with the Board of Trade, your letter, with its inclosures, of the 12th ultimo, relative to the measurement by the Suez Canal Company of the British steamer "Dilston Castle;" and I am now to state to you that it would appear that the Canal Company were justified in measuring this vessel according to the Danube rule, and in charging their dues upon that measurement, as the only privilege granted to vessels in ballast is that they shall not pay the surtax of 3 fr. per ton.

I am at the same time to add that, in the result given by the Canal Company, the deduction for crew space would seem to have been overlooked; it appears, however, that this point can only be satisfactorily solved by the owners applying for a Suez Canal special tonnage certificate.

The inclosures which accompanied your letter are herewith returned.

I am, &c.
(Signed) TENTERDEN.

No. 139.

The Duc Decazes to M. Gavard.—(*Communicated to the Earl of Derby by M. Gavard, May* 12.)

Monsieur, *Paris, le 5 Mai,* 1875.

LES instructions que j'ai adressées le 16 Avril de l'année dernière à M. le Comte de Vogüé, au sujet de l'affaire du Canal de Suez, et dont j'ai le 20 du même mois transmis copie à l'Ambassade de France à Londres, prévoyaient la nécessité où la Compagnie de l'Isthme se trouverait ultérieurement de demander au Gouvernement Ottoman un supplément de ressources afin de pouvoir exécuter les travaux indispensables pour la facilité et la sécurité de la navigation.

L'importance et l'urgence de ces travaux n'ont pas permis à la Compagnie de différer plus longtemps de soumettre à la Porte l'exposé de sa situation et les propositions qu'elle croyait devoir présenter en vue d'améliorations qui touchent non-seulement aux intérêts de la Société du Canal, mais encore à ceux du commerce maritime en général, et nous nous rappelons que ce dernier point de vue a en plusieurs occasions justement préoccupé le Gouvernement Britannique.

M. C. de Lesseps, Vice-Président du Conseil d'Administration, s'est, en conséquence, rendu à Constantinople, et il a remis au Ministre des Affaires Etrangères un mémoire dont chacun des Puissances qui ont pris part à la Conférence de l'année dernière a dû recevoir communication.

J'ai l'honneur de vous transmettre copie de ce document, dans lequel le représentant de la Compagnie du Canal de Suez établit l'impossibilité où elle est d'entreprendre avec ses recettes limitées les travaux considérables dès ce moment prévus et dont l'exécution ne saurait être ajournée.

J'ai lieu de croire, d'après les informations qui me sont adressées par M. le Comte de Vogüé, que la Porte a fait à cette communication un accueil favorable, et qu'elle serait disposée à s'entendre avec la Compagnie pour arrêter les bases d'une décision équitable, si elle était assurée de l'assentiment des Puissances intéressées dans la question, et, en particulier, de celui de l'Angleterre, à l'opinion de laquelle elle attache une très grande importance. Il est difficile de méconnaître la réalité des besoins auxquels il s'agit de pourvoir, et le témoignage de l'Ambassadeur de Sa Majesté Britannique à

Constantinople a, sans aucun doute, confirmé auprès du Cabinet de Londres cette appréciation générale. Je me plais donc à penser que dans son esprit de justice le Gouvernement de la Reine n'hésitera pas à se joindre à nous, afin d'appuyer d'une manière efficace les demandes de la Compagnie du Canal pour l'objet déterminé auquel elles se rapportent. Il n'est point question en effet de discuter les résolutions antérieures en ce qui concerne les conditions imposées à la Compagnie, ou de réagir contre ces résolutions, mais de suppléer à l'insuffisance des ressources actuels pour le développement de l'entreprise au point de vue des exigences du commerce et de la navigation.

Or, les recettes rigoureusement maintenues, par l'application de l'échelle décroissante, au-dessous d'un chiffre qu'elles ne pourraient de longtemps dépasser ne sauraient, en dehors de l'entretien annuel du Canal, et d'une rémunération assurément modeste du capital engagé, être appliquées aux travaux urgents signalés dans le mémoire de M. C. de Lesseps. Il faut bien reconnaître que les conditions premières de l'exploitation ont été sensiblement modifiées par un ensemble de circonstances dont il est impossible de ne pas tenir compte, et qu'explique l'indication même des ouvrages projétés.

Quant aux moyens proposés par la Compagnie pour faire face à ces dépenses extraordinaires, ils consisteraient, comme vous le verrez, soit dans l'établissement d'une taxe de stationnement ou autre d'un franc par tonne, soit dans une prolongation de la période de décroissance du tarif.

J'inclinerais pour mon compte mais sans y insister vers l'adoption de cette dernière disposition.

Je vous prie, Monsieur, de faire connaître au Foreign Office le sentiment du Gouvernement Français sur l'objet et le véritable caractère des négociations actuellement engagées à Constantinople entre le représentant de la Compagnie du Canal de Suez et le Gouvernement Ottoman. J'ai autorisé notre Ambassadeur à prêter son appui aux démarches de M. C. de Lesseps en se concertant avec son collègue M. l'Ambassadeur d'Angleterre.

J'apprendrais avec satisfaction que des instructions analogues eussent été envoyées à Sir H. Elliot.

Le Conseil d'Administration de la Compagnie a, d'ailleurs, pensé qu'il serait utile qu'un de ses Agents se rendît en Angleterre pour fournir soit à l'Ambassade, soit même au Foreign Office, toutes les explications nécessaires, et il a désigné pour cette mission M. Fontane, chef de l'exploitation; je ne puis, Monsieur, que recommander le Délégué de la Compagnie à votre obligeant accueil et vous prier de le mettre, s'il y a lieu, en rapport avec les fonctionnaires Anglais compétents.

La mission de M. Fontane n'a du reste qu'un caractère absolument officieux, et n'a pas d'autre objet que de fournir au Cabinet de Londres les éclaircissements qu'il pourra demander.

J'attacherais du prix à connaître aussitôt que possible le résultat de la communication que vous aurez faite au Gouvernement de Sa Majesté Britannique au sujet de cette affaire que je n'ai pas besoin de recommander à votre sollicitude.

Recevez, &c.

(Signé) DECAZES.

(Translation.)

Sir; *Paris, May* 5, 1875.

THE instructions which I addressed on the 16th of April last year to Count de Vogüé, on the subject of the Suez Canal question, and a copy of which I transmitted on the 20th of the same month, to the French Embassy in London, anticipated the necessity under which the Canal Company would ultimately find itself of asking from the Ottoman Government for supplementary means to enable it to execute works indispensable for the convenience and security of the navigation.

The important and urgent character of these works has prevented the Company from delaying any longer to submit to the Porte a statement of its position and such proposals as it thought proper to make with a view to improvements which affect not only the interests of the Canal Company, but also those of maritime commerce in general, and we remember that this last point of view has on several occasions justly engaged the attention of the British Government.

M. Charles de Lesseps, Vice-President of the Administrative Council, has consequently proceeded to Constantinople, and has handed to the Minister for Foreign Affairs a Memorandum which was to have been communicated to each of the Powers parties to conferences held last year.

I have the honour to transmit to you a copy of that document, in which the Representative of the Suez Canal Company demonstrates the impossibility under

which it labours of undertaking, with its limited receipts, the important works already contemplated, the execution of which cannot possibly be deferred.

I have reason to believe, from information addressed to me by Count de Vogüé, that the Porte has received that communication favourably, and that it would be disposed to come to an understanding with the Company in order to settle the bases of an equitable arrangement, if it were certain of the consent of the Powers interested in the question, and more especially of England, to whose views it attaches very great importance. It is difficult not to recognize the reality of the necessities for which provision is to be made, and the testimony of Her Majesty's Ambassador at Constantinople has, no doubt, confirmed the Cabinet of London in this general view. I venture, therefore, to hope that Her Majesty's Government, moved by its sense of justice, will not hesitate to unite with us in order to give an effectual support to the requests of the Company for the specific purposes to which they relate. For it is not a question of discussing former decisions relative to the conditions imposed upon the Company, or of reacting against those decisions, but of supplying deficiencies in the existing resources for the development of the undertaking, from the point of view of the requirements of commerce and navigation.

Now, the receipts, rigorously kept down by the application of the sliding scale, below a figure which cannot for a long time be exceeded, could not, besides providing for the annual maintenance of the Canal, and for a return, unquestionably small, on the capital invested, be available for the pressing works mentioned in M. C. de Lesseps' Memorandum. It must be acknowledged that the original conditions of the undertaking have been considerably modified by a combination of circumstances, which it is impossible not to take into account, and which the list of works projected itself explains.

As regards the means proposed by the Company to provide for these extraordinary expenses, they would consist, as you will see, in the establishment of a berthing or other due of 1 fr. per ton, or in the postponement of the period for the diminution of the Tariff.

For my part I should incline, but without insisting on that view, towards the adoption of the latter measure.

I have to request you, M. le Ministre, to inform the Foreign Office of the views of the French Government with reference to the object and true character of the negotiations actually entered into at Constantinople between the Representative of the Suez Canal Company and the Ottoman Government. I have authorized our Ambassador, in concert with his colleague, the British Ambassador, to support the overtures of M. Charles de Lesseps. I should be gratified to learn that similar instructions had been sent to Sir H. Elliot.

The Administrative Council of the Company has thought, moreover, that it might be useful for one of its Agents to go to England in order to furnish all necessary explanations either at the French Embassy, or, if it were desired, at the Foreign Office, and it has appointed for that mission M. Fontane, head of the Working Department. I can only, M. le Ministre, recommend the Delegate of the Company to your courteous attention, and ask you to place him, if necessary, in communication with the proper English officials.

M. Fontane's mission, I should add, has only a semi-official character, and its sole object is to furnish the British Government with such information as they may require.

I should wish to learn as soon as possible the result of the communication which you will address to Her Majesty's Government with regard to this question, which I need not recommend to your special attention.

I have, &c.
(Signed) DECAZES.

No. 140.

Lord Lyons to the Earl of Derby.—(*Received May* 22.)

My Lord, *Paris, May* 21, 1875.

I HAVE the honour to transmit to your Lordship three copies of the Bulletin of the Suez Canal Company for the 12th of this month, which had been sent to me by M. Ferdinand de Lesseps, with a view to directing attention to the account given on page 2 of the operations of a dredging-machine at Port Saïd.

M. de Lesseps called upon me on the 17th instant, and after speaking to me of the mission of his son, M. Charles de Lesseps, to Constantinople, mentioned that an agent of the Company had been sent to London to give information to M. Gavard, the French Minister there, who was instructed to communicate with your Lordship on the subject of the means of raising the funds for the works still required in order to put the Canal into a complete state of efficiency.

M. de Lesseps said that the object of the Company was to ascertain whether Her Majesty's Government would agree to the Porte accepting the proposals made to it by his son; and that M. Gavard's communications were to be directed to this object. He expressed a determination not to allow any authority extraneous to the Company itself, to interfere in settling the nature of the works to be undertaken, or to exercise any control over the construction or management of these works. Finally he spoke with great satisfaction of the performances of a new drag, and promised to send me a description of it, which I have since received from him, and which forms the inclosure in this despatch.

I have, &c.
(Signed) LYONS.

No. 141.

Memorandum communicated to the Earl of Derby by Count Beust, May 18, 1875.

LE Gouvernement Impérial et Royal ne saurait accepter le point de vue où se place la Compagnie en faisant des concessions qu'elle demande une condition d'adhésion aux arrangements internationaux survenus en 1873, et maintient que la Compagnie n'a aucun droit de se soustraire à la force obligatoire de ces mêmes dispositions.

Ce ne serait qu'après que ce point de droit aurait été bien et nettement établi que le Gouvernement Impérial et Royal trouverait admissible que sur une invitation de la Porte les Représentants des Puissances intéressées prissent la proposition de la Compagnie en considération.

Mais il doit être sousentendu qu'il ne peut s'agir que de proposition ayant pour objet une véritable amélioration du Canal et qu'il n'est question que de travaux qui ne sont pas compris dans le Budget régulier, qui sont reconnus indispensables et promettent des avantages réels à la navigation. Il faudrait par conséquent que les délibérations commencent par un examen de ces questions, et il faudrait que des garanties fussent données aux Puissances intéressées pour bien établir que l'augmentation du revenu que la Compagnie demande sera employé exclusivement à couvrir les frais de ces travaux.

(Translation.)

THE Imperial and Royal Government is unable to admit the view taken by the Company in making its adhesion to the international agreement come to in 1873 conditional upon obtaining the concession of its demands, and maintains that the Company has no right to withdraw itself from the obligations imposed upon it by the provisions of that agreement.

Only after this point had been clearly and distinctly established could the Imperial and Royal Government admit that the representatives of the Powers interested might, on an invitation of the Porte, take the proposals of the Company into consideration.

But it must be understood that proposals can alone be entertained which have for their object the real improvement of the Canal, and those works alone taken into consideration which are not comprised in the regular Budget, which are unquestionably indispensable, and from which shipping will derive real advantages. The deliberations ought, therefore, to commence with a study of those questions, and guarantees should be given to the Powers interested that the increase in the Company's revenues would be exclusively devoted to defraying the expenses of those works.

No. 142.

Major-General Stanton to the Earl of Derby.—(Received May 24.)

My Lord, *Alexandria, May* 14, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 12th ultimo, transmitting, with reference to a previous despatch (of the 2nd

March), a copy of a despatch from Her Majesty's Ambassador at Vienna, relative to the Suez Canal question, and calling my especial attention to the reports therein referred to from the Austro-Hungarian Agent at Port Saïd respecting the silting-up of the bed of the Canal.

I have made inquiries with regard to this reported silting-up of the bed of the Canal from Captain Willoughby, R.N., the Principal Transport Officer in Egypt, who accompanies most of Her Majesty's Indian troop-ships through the Canal, and who is probably in a better position to form a sound opinion on the state of the Canal than any one unconnected with the Canal Company, and gather from his observations that though there are two or three points in the Canal where dredging is now required to clear away accumulations of sand and mud, he has no fear of any such silting-up of the bed of the Canal as that referred to in Sir A. Buchanan's despatch; and he further informed me that, having mentioned to the Principal Agent of the Company the necessity of dredging at these points, he was assured by M. Daubrée that it was the intention of the Company to put dredgers to work at the places indicated as soon as the slack time for the passage of vessels arrived, which would allow of the dredgers being worked more satisfactorily than could be done when they were liable, as at present, to constant interruption from passing vessels.

I have, &c.
(Signed) EDWD. STANTON.

No. 143.

The Secretary to tht Admiralty to Mr. Bourke.—(Received May 25.)

Sir, *Admiralty, May 24, 1875.*

I AM commanded by my Lords Commissioners of the Admiralty to state, for the information of Earl Derby, that Her Majesty's ship "Pallas," having been four days in the harbour of Port Saïd, between the 12th and 17th March last, has been charged by Suez Canal Company port dues of 2 c. per ton per diem on 2,372 tons, whereas the net register tonnage is 1,206 tons only.

2. As the ship did not go through the canal, the amount of the over-payment in this case is limited to 3*l.* 14*s.* 6*d.*

I am, &c.
(Signed) ROBERT HALL.

No. 144.

The Earl of Derby to Sir A. Buchanan.

Sir, *Foreign Office, May 27, 1875.*

WITH reference to your Excellency's despatch of March 25, I transmit herewith, for your information, a copy of a despatch from General Stanton relative to the question of the Suez Canal dues.*

I am, &c.
(Signed) DERBY

No. 145.

Mr. Lister to Mr. Farrer.

Sir, *Foreign Office, May 31, 1875.*

WITH reference to previous correspondence, I am directed by the Earl of Derby to transmit to you a letter from the Board of Admiralty,† relative to the amount of port dues charged by the Suez Canal Company upon Her Majesty's ship "Pallas;" and I am to request that, in laying the same before the Lords of Trade, you will move their Lordships to favour Lord Derby with their opinion as to whether the circumstances of this case call for any special instructions to Her Majesty's Ambassador at Constantinople on the subject.

I am, &c.
(Signed) T. V. LISTER.

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* No. 142. † No. 143.

No. 146.

Major-General Stanton to the Earl of Derby.—(*Received May* 31.)

My Lord, *Alexandria, May* 15, 1875.

HER Majesty's Ambassador at Constantinople having recently informed me that a proposal had been laid before the Porte by M. Charles de Lesseps for raising funds sufficient to carry out extensive extraordinary works on the Suez Canal, in addition to those required for maintaining it in its present state of efficiency, and that this proposal was to be submitted to the Khedive, I took the occasion of a recent interview with His Highness to ask whether he had received communication of the proposal in question; and if so, what view he took of M. de Lesseps' demand.

His Highness informed me that he had received a copy of M. de Lesseps' letter, and was giving the matter his serious consideration.

Ha was not prepared to take upon himself the responsibility of pronouncing an opinion as to the necessity of the work proposed, or as to the estimated cost of these works, but it was possible that in the general interest of navigation the works in question ought to be undertaken.

Before, however, consenting to the imposition of the additional tax proposed by M. de Lesseps, in the interest of the shareholders of the Company His Highness was of opinion that a careful and impartial inquiry should be made into the question of the working expenses of the Canal to see whether it might not be possible to effect an economy in these charges, and how far M. de Lesseps' estimate for the "dépenses obligatoires" was to be depended upon; that competent and disinterested engineers, such, for instance, as Mr. Hawkshaw, should be consulted as to the urgency or necessity of the proposed extraordinary works, and that in the event of its being considered essential to undertake these works, and to procure the funds for their execution by extending the operation of the present surtax, or by imposing a further charge on shipping making use of the Canal, that the supervision of the work should be entrusted to a Special Commission independent of the Council of Administration of the Canal Company.

His Highness also furnished me with a copy of M. Charles de Lessseps' proposal, a copy of which I have the honour to forward herewith to your Lordship.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 146.

Proposal of M. Charles de Lesseps.

[See Inclosure in No. 132.]

No. 147.

The Earl of Derby to Sir A. Buchanan.

Sir, *Foreign Office, May* 31, 1875.

COUNT BEUST called upon me at this Office on the 28th instant, and communicated to me the view taken by the Austro-Hungarian Government of the recent application on the part of the Suez Canal Company for additional facilities in raising funds for the purpose of meeting the cost of extraordinary repairs to the Canal.

I learnt from his Excellency that the Austro-Hungarian Government is not prepared to accept the point of view from which the Company regards the concession of its demands as a condition of its adhesion to the international arrangements concluded in 1873. The Austro-Hungarian Government, on the contrary, maintains that the Company has no right whatever to evade the binding force of those arrangements.

It could only be after this point had been decisively and thoroughly established that the Austro-Hungarian Government would be prepared to admit that the Representatives of the Powers interested could, upon the invitation of the Porte, take into consideration the proposals of the Canal Company.

It was, moreover, at the same time to be understood that only such proposals

could be entertained as had for their object a genuine amelioration of the Canal, and that it was only a question of such works as are not included in the regular Budget, as are considered indispensable, and promise real advantages to the navigation. It was, therefore, necessary that the deliberations should commence by an examination of these questions, and that guarantees should be given to the Powers interested in order to make sure that the augmentation of revenue asked for by the Company shall be employed exclusively to cover the cost of those works.

I stated, in reply, that personally I was inclined to agree with his Excellency, but that Her Majesty's Government had not yet spoken decidedly in the same sense.

I am, &c.
(Signed) DERBY.

No. 148.

Mr. Plummer, Jun., to the Earl of Derby.—(*Received June* 8.)

Newcastle and Gateshead Incorporated Chamber of Commerce,
My Lord, *Newcastle-on-Tyne, June* 5, 1875.

VARIOUS paragraphs that have recently appeared in the newspapers leave little room to doubt that one or more of M. de Lesseps' sons have visited Constantinople under the avowed object of obtaining from the Turkish Government if possible more favourable conditions for the Suez Canal Company than were agreed to by the International Commission that met at Constantinople in 1873.

By the recommendation of that Commission the Canal Company were permitted to charge a surtax of 3 fr. and 4 fr. per ton respectively according to the principle on which the vessels using the canal were measured, thereby increasing the maximum due allowed by the original Concession for the use of the Canal from 10 fr. to 13 and 14 fr. It was at the same time agreed that this surtax should be subject to gradual reductions as the amount of tonnage using the Canal increased, that is to say, when the amount of tonnage in any one year reached 2,100,000 tons, this surtax should be reduced to $2\frac{1}{2}$ fr. per ton, and that a further reduction of $\frac{1}{2}$ fr. per ton should be made for each 100,000 tons annual increase of traffic until such time as the surtax became extinguished.

Previous to this settlement the action of the Canal Company, by causing great uncertainty to exist as to the dues that might become payable, had tended to restrict the development of the trade; since, however, the question has been settled on what was justly deemed to be a permanent basis, this development of traffic has been of such a rapid character that, judging of the receipts of the Canal Company during the first four months of this year, there is little reason to doubt the traffic for the year will exceed 2,100,000 tons, thus rendering the tariff subject to a reduction of, at least, $\frac{1}{2}$ fr. per ton for the next and following years.

According to the newspaper reports the proposal made to the Turkish Government on behalf of the Canal Company is that the surtax should remain at its present maximum rate irrespective of the increase of traffic; the reasons assigned for this request being that the Company may be enabled, by the funds thus acquired, to widen and otherwise improve the Canal; in other words, they seek permission to tax the present users of the Canal by making them find capital for its permanent improvement.

The terms agreed to by the Commission were more than fair towards the Canal Company, and they were certainly deemed to be final.

The present position of the Company does not appear to justify any such demand as is now being put forward on their behalf; the traffic is increasing at a more rapid ratio than was believed by most people to be possible; the most reliable estimate of the prospects of the Company is, however, to be found in the fact that the ordinary 500 fr. shares of the Company are now selling at upwards of 635 fr., whereas on the other hand it is well known the steam-ships using the Canal are leaving no profit, and in very many cases have actually lost money. A Company whose 500 fr. shares are at a premium of 135 fr. should be in a position by borrowing money or otherwise to execute improvements such as those contemplated at the cost of capital, and not to seek to pay for them out of revenue at the cost of their customers.

It is believed that were the matter fully inquired into it would be found that by the terms of the original Concession the Company undertook to make the Canal of a certain specified width. This they have never done; yet they have not only been

allowed to charge the maximum due permitted by the Concession, but they have had granted to them a surtax of 30 per cent.

At the close of the final sitting of the International Commission the Turkish Government voluntarily undertook not to alter the arrangement then come to without previously coming to an understanding with the principal Powers interested therein. I am directed by the Council of this Chamber respectfully to urge that your Lordship will abstain from agreeing to any such modification of the terms agreed to by the Commission as is now sought to be obtained by the Canal Company.

I have, &c.

(Signed) B. PLUMMER, Jun., *Secretary*

No. 149.

Mr. Lister to Mr. Plummer, Jun.

Sir, *Foreign Office, June* 12, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 5th instant relative to the Suez Canal question; and I am to acquaint you in reply that this subject is still engaging the attention of Her Majesty's Government.

I am, &c.

(Signed) T. V. LISTER.

No. 150.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, June* 12, 1875.

HER Majesty's Government have carefully considered the despatch from the Duc Decazes to M. Gavard which was communicated to me by that gentleman on the 12th ultimo, and of which a copy is herewith inclosed.*

The Duc Decazes inclosed in his despatch a copy of the proposals which M. C. de Lesseps had made to the Sublime Porte and to the other Powers represented at the Suez Canal Commission at Constantinople, the object of which proposals was to raise additional funds for the maintenance and improvement of the Canal.

The Duc Decazes then expressed his hope that Her Majesty's Government would join with the French Government in urging the Sublime Porte to accede to the proposals of the Company, to which he believed the Turkish Government to be already favourably inclined.

Before considering how far Her Majesty's Government would be justified in recommending the acceptance of M. C. de Lesseps' scheme to the Sublime Porte, it should be remarked that that scheme involves a modification of the original contract of the Company; that the contract in question was made between the Company and the Khedive; and that as it can, therefore, only be modified with His Highness's consent, Her Majesty's Government should, in the first instance, be assured that that consent had been obtained.

The present proposal, in so far as regards the works to be executed, is, in fact, a renewal and extension of that which M. de Lesseps made to the Egyptian Government on the 31st of January, 1874.

The proposal then made was rejected, and Her Majesty's Government have no reason to believe that the present one would be more favourably entertained by the Khedive.

Ever since the 29th of April, 1874, when M. de Lesseps was forced to submit to the authority of the Porte, which decreed the levying of the maximum toll of 10 fr. per ton on the net tonnage, the Canal Company has either evaded or defied the execution of the recommendations of the Constantinople Commission, which were equally prescribed to it by the same authority.

The Company has refused to admit the official papers of vessels using the Canal, and has insisted on re-measuring them, whilst it continues to send in periodical claims upon the Sublime Porte for the losses which it professes to suffer by the new Tariff.

M. C. de Lesseps has now offered to the Sublime Porte to give up these illegal measurements, and to cancel these imaginary claims, on consideration of receiving

* No. 139.

permission to levy a large sum upon shipping for the maintenance and improvement of the Canal.

Her Majesty's Government, after carefully considering the proposals of M. C. de Lesseps and the suggestions of the Duc Decazes, cannot but express their opinion that neither their proper care for the shipping interests of this country, their duty towards the Powers with whom they acted in the Conferences at Constantinople, nor, last, though not least, the respect they owe to the Sublime Porte, would permit them to advise the Turkish Government to buy the submission of the Canal Company to the Sultan's authority with the concession of its demands.

Her Majesty's Government are actuated by no unfriendly feeling towards the Canal Company. They recognize its great importance to the trade of this country; they are not only willing but anxious to maintain and improve its usefulness; but after the careful consideration given to its claims by a Commission composed of all the Powers interested in its efficiency, they are of opinion that no proposals on the part of M. de Lesseps should be entertained until the Canal Company has loyally submitted itself to the authority of the Sublime Porte by strictly conforming to the recommendations of that Commission.

When that submission shall have been frankly made, Her Majesty's Government will be ready to consider in a friendly spirit any fair proposals for the improvement of the Canal, and for raising the funds required for their execution.

Your Excellency will read and give a copy of this despatch to the Duc Decazes.

I am, &c.

(Signed) DERBY.

No. 151.

The Secretary to the Admiralty to Mr. Lister.

Sir, *Admiralty, June* 14, 1875.

WITH reference to your letter of 17th December last, and to former correspondence relative to the question of the survey of Port Saïd, I am commanded by my Lords Commissioners of the Admiralty to transmit to you herewith, for the information of the Earl of Derby, a copy of a printed Report of the survey of Port Saïd and its approaches, made in the early part of the present year by Navigating Lieutenant John Millard, R.N.

I am, &c.

(Signed) ROBERT HALL.

Inclosure in No. 151.

Report to Hydrographer of the Admiralty accompanying the Survey of Port Said and its approaches, made in the early part of 1875, *by Navigating Lieutenant John Millard, R.N.*

THE survey of Port Saïd, begun on the 29th January, 1875, and completed on the 26th March, 1875, fails to show any very marked heaping up or accumulation of Nile deposit or sand-drift outside of the western breakwater, such as might have been expected to have occurred during the period of 21 months that has elapsed since the "Shearwater's" examination made in the spring of 1873, more especially after the recent very high Nile. The reasons may be:—

Reasons for not finding mudbank.

1. Until late in December, or as long as the weather would permit, the most powerful of the Suez Canal Company's dredgers were employed dredging that part of the immediate entrance to Port Saïd from outside of the red and white striped lightship to within the extreme of the western breakwater.

2. Westerly gales having occurred before the commencement of the survey, any bank that had formed must have been dispersed or levelled; in proof of which, the chocolate and grey-coloured oozy mud found to the northward and westward of the west breakwater during former surveys made in the month of May (and into which the lead would sink 6 and 8 inches) was not met with, except in those few holes and hollows that had escaped the wash of the breaking sea, and in depths above 33 feet.

Shoaling of water.

The slow but certain shallowing of the water is, however, evident, the 27, 30, and 33 feet contours being seaward of those obtained hitherto, and it is but reasonable to suppose (which supposition is also borne out by the opinion and knowledge of the Suez

Canal Company's Superintending Engineer) that if the survey had been made in September or October, at the termination of the summer weather, a much shoaler bank than now exists, but of soft mud, would have been found.

Shoeing of leads not required.

It was in anticipation of finding the soft slimy mud alluded to, the sounding leads were shod with 6-inch wooden shoes, subsequently dispensed with on finding them unnecessary and impeding the progress of the work.

Nature of bottom.

The bottom was invariably sand and mud, of a stiff clayey nature, sand in excess in 27 feet, increasing as the water shoaled, and *vice versâ;* when in depths exceeding 33 feet, mud only was found.

Immediately within the western breakwater, and along nearly the whole of its length, as also in the canal, where little or no disturbance has taken place, the bottom is soft mud.

On the east bank of 26 feet, two miles east-north-east of the east breakwater light, broken shells and coarse white sand still remain, relics of the original deposits thrown down by the mud barges before the opening of the canal. This bank has undergone still further dispersion and levelling since the survey of 1873, and may be assumed now to have attained its normal depth, 27 feet, being that in which western gales break most heavily, producing an almost continual surf.

New banks

Two new banks of 12 and 14 feet have been made eastward of the eastern breakwater, by the discharging of mud dredged from Port Saïd, which work is still actively being carried on when weather permits.

Dredgers at work.

At the time of the arrival of Her Majesty's ship "Torch" at Port Saïd, two of the Company's dredgers were at work deepening the harbour. At the end of February one was discontinued, the other being employed dredging the bank of 23 feet abreast of the Company's office.

Depth to be relied on.

That part of the Canal from seaward of the outer pair light-vessels to the port was deepened to 28 and 29 feet by dredgers working until the end of last October. This depth at present will only be found in parts; 25 feet only can be relied upon for entering. This shoal depth is midway between the outer pair of light-vessels and the present extreme of the west breakwater, or nearly abreast of the former termination, and may be no doubt caused by the eddy found there.

Depth of Canal.

25 feet is also the depth that was found a mile up the Canal.

Subsidence of west breakwater.

The western breakwater having so far subsided as to be only just above water, and in many places covered, necessitated the speedy removal of the same, to effect which a canal was dredged on its eastern edge to a depth of 11 and 12 feet, to admit of the floating crane approaching close to it for placing the line of double blocks of concrete.

Extension of breakwater.

That part of the west breakwater which has been extended 300 mètres during the last twenty months, was, on the 25th of January, 1875, above water, but each successive gale caused it to sink considerably. On the 26th March, parts of it were awash, and others submerged for 3 and 4 feet.

Sections—reasons for not taking them.

The sections that have, as a rule, been taken hitherto (for the purpose of comparing the contour of the bottom of canal between the breakwaters) from year to year, were not obtained, the sea not being smooth enough for such precise work; also the frequent artificial alterations that have been and are constantly being made by dredging, make them useless as documents of comparison to see the effects produced by nature.

Soundings.

The soundings have been given to the nearest foot, the state of the sea at no time admitted of their being taken to parts of feet. They are reduced to the level of 10 feet 4 inches below the door sill of the high lighthouse.

Tide.

A slight tidal influence was observed with a rise and fall (at the full and change) of 16 inches, the low-water level being 10 feet 8 inches below the door-sill of the high lighthouse. High water at the full and change about 10 hours 30 minutes; this is not to be fully depended upon, the range being so small as to be materially affected by the state of wind and sea.

Extension of beach line.

The following measurements were made to find the extension of beach line along the west breakwater, viz.:—

	Feet.
Concrete block, No. 2,682, to fine weather surf-line of 1 foot	77
Concrete block, No. 2,682, to sand thrown up at pier	157
Concrete block, No. 2,682, to line of beach running westward	235
Concrete block, No. 2,682, to pole formerly used for these measurements	707

Current Observations.

The current observations were obtained, as weather permitted, in the following manner :—

How currents were estimated.

1. In calm, smooth water, by allowing a weighted barricoe to drift during the dinner hour, fixing and taking the time of putting over or picking up ; or,

2. By anchoring and allowing a large ordinary log ship to drift, attached to which was some twine marked and floated by toggles at every 50 feet; in this manner 300 and 400 feet were allowed to be taken out and timed.

January 24, 1875.—The "Torch," on her way to Port Saïd, anchored off the Damietta mouth of the Nile in $3\frac{3}{4}$ fathoms, with the light bearing S.W. by S., wind S.E., force 2-3, weather threatening with heavy rain ; the current was found to be running strong to the N. W. at $\frac{2}{3}$ knot per hour. She then weighed and steamed five miles out, anchoring in 14 fathoms, with the light on the same bearing, S.W. by S. The log ship here indicated still water. The wind had previously "chopped" round to W.S.W. in a sharp squall, force 6, heavy rain, with thunder and lightning. Weighed again and steamed parallel to the coast for ten miles, anchoring in 10 fathoms, with Damietta light W. $\frac{3}{4}$ N., Port Saïd light S. by E. $\frac{1}{2}$ E., the wind now steady at N.W. by W., force 4, and increasing, the current setting to the E.S.E. at $\frac{1}{6}$ knot per hour. Being unable to obtain further observations, bore up for Port Saïd, where it was found that for several days previously fine weather had been experienced, with south-easterly winds.

On March 10, when proceeding along the coast fixing the positions for "beach marks," the weather fine with light airs off shore, sea smooth, a series of observations taken, with following results :—

Drift of sand.

On the beach the very slight surf (less than would be experienced during the summer) washed perceptibly the sand in an easterly direction.

Current slack inshore.

In 6 feet water at $\frac{1}{3}$ mile off shore a very slack easterly set was found diverging a little from the general line of beach.

Current at 2 miles distant.

At 2 miles off, in 3 fathoms, a stronger current existed, viz., $\frac{1}{2}$ knot per hour.

Current at $3\frac{1}{2}$ miles.

At $3\frac{1}{2}$ miles off, in 5 fathoms, the rate was $\frac{2}{3}$ knot per hour, the conditions of wind and sea being the same.

Current at 10 miles.

On the return of the "Torch" to Port Saïd, Lieutenant Dickson obtained a series at 10 miles off shore, the wind being light and N.N.E., with smooth water; a N.W. wind had been blowing the previous night. The result showed the wind had power to check and alter the general direction of the easterly set, and give it a southerly tendency, but on this occasion was not strong enough to reverse it, and it is probable, if the current had been observed nearer the shore, it would have been found running more directly for Port Saïd, and with greater strength. (See sketch of coast between Port Saïd and Damietta on Port Saïd Chart for preceding observations.)

Current with easterly winds.

During the progress of the survey the current was observed both east and west of the breakwaters, and it was found that fresh easterly breezes or a continuance of light easterly winds effectually changed its direction and aspect, *i.e.*, instead of turbid and running east, it was clear and running west. Close to shore west of the western breakwater there was an eddy from the west. (See Diagram D).

Sand-drift at Ghemil.

Whilst at Ghemil obtaining the beach line measurement, the wind being from the eastward, force 2, the shore drift was pursuing perceptibly, but surely, its way towards Port Saïd. The features of the coast line show this must be so, the serrated contour of the coast having all its surf-formed sand-pits extending from the shore in an easterly direction.

Tidal influence at Ghemil.

Another interesting feature casually observed at Ghemil was the tidal in-and-out flow of water to and from Lake Menzaleh ; the former or flood coming along the coast from the westward, enters obliquely, the latter or ebb discharging along the shore towards Port Saïd.

Ghemil Mouth working to eastward

The Ghemil mouth, which has 18 and 20 feet water in it, with 4 and 5 feet on the bar, is the only sea communication Lake Menzaleh has west of the canal, and is (from information given by the fishermen) working its way to the eastward, caused by the action of the ebb and flow on the tongues forming the embouchere, the flood extending the western tongue, the ebb scouring and washing away the eastern one. The accompanying sketch will better exemplify what is meant.

Ebb from Ghemil flows to Port Saïd

This ebb or outpour is an important adjunct to the shore stream, for the mass of waters collected in the lake during the six hours of flood rush out on the change of

tide with very great velocity charged with mud and detritus, and it is possible this easterly rush of water will be felt as far as Port Saïd in spite of all easterly winds, and may account for the eddy found in the bight near the west breakwater. (See Diagram D).

Winds.

During the 58 days the "Torch" remained at Port Saïd, the winds were :—

28 days—fine weather, westerly winds, force 2-4;
10 days—westerly gales;
5 days—calms with westerly tendency;
4 days—calms with westerly tendency;
11 days—fine weather, easterly winds, force 2-4;

Or 25 per cent. westerly during a changeable season of the year.

Sea breezes.

The sea breezes of the summer months, which are very regular, and blow fresh during the afternoon, are always from the north-westward.

Easterly gales.

No information could be obtained respecting an easterly gale; they must therefore be of rare occurrence.

The season of the year prevented a complete and much more satisfactory system of these interesting current observations along the coast being made; the conclusions therefore that are drawn from the few will be given, open to further investigation; they are :—

Results.

1. The wind plays a most important part in influencing the current.
2. The prevailing wind is north-west.
3. The prevailing current is easterly or from the Damietta Mouth towards Port Saïd.
4. The line of strongest current is that tangenting the Damietta mouth with the projecting coast east of Port Saïd.
5. The current is retarded and diverted by winds contrary to its course, and wholly reversed by strong easterly breezes or a continuance of light ones. N.B.—This may not be altogether correct during high Nile.
6. The sand-drift of the coast between Ghemil and Port Saïd always easterly or to the west breakwater.

Limit of band of current.

The limit seaward of the band of easterly current can only be satisfactorily ascertained by a large and detailed set of observations that would entail some considerable time of fine weather, but that the line of greatest velocity between Damietta and Port Saïd is very limited in its area there can be no doubt, for it was found four miles off Debeh to be two-thirds and three-fourths of a mile per hour, which gradually diminished as the shore was approached. The rate also outside that position was found less; it may, therefore, probably decrease in the same ratio until reaching, at perhaps ten miles off, an uniform current drift due to strength of wind.

Margin of Nile's deposit.

The margin of the Nile's influence on the ocean bed, or where its alluvial deposit joins the marly bottom of the Mediterranean, was obtained by Captain Spratt (now Admiral) when in the "Medina" and accompanied his Report on Pelusium Bay.

Diagrams on Chart Port Said.

By referring to the diagrams A, B, C, and D, constructed from ample observations, obtained under various circumstances of wind and sea, the disturbances produced by the breakwaters on the current will be apparent.

West breakwater effect on current.

The western breakwater was found to effect the easterly set, chiefly by augmenting its velocity, but did not divert it very considerably during fine weather, due probably to the line of greatest strength from Damietta striking the end of the pier.

Utility of open-work on west breakwater.

The Canal, dredged on the inner edge of the west breakwater for the convenience of the floating steam crane, was also useful in allowing a portion of the pent up waters to find their way through the blocks; this with the flow over the submerged extension (lost in the eddy in canal), materially assisted to diminish the strong current that would otherwise have existed.

West breakwater does not alter the direction of current in fine weather.

The line of divergence during fine weather takes nearly that of the present 30 feet contour; the accelerated current is carried same distance, gradually decreasing to normal rate as the water radiate over the banks east of the eastern breakwater.

Westerly gales.

During westerly gales, when the whole volume of the waters to the depth of 27 feet is in violent commotion, and seething waves heap one on another towards the head of the bight near the high lighthouse, producing a sea in state of ebullition, occasionally relieved by rollers more heavy and intense than others rushing over the sand flats and into the Canal taking large quantities of sand in their course; it is under these circumstances the open work of the break-water, caused by the 12-feet canal before alluded to, plays its beneficial part by permitting the seas to burst through the sinuosi-

Flow of seas into Canal.

Utility of open-work of breakwater.

ties of the concrete blocks, and relieving in great part the current, for if the whole length of the break-water had on its inner side a solid backing, the destructive under-scour and consequent undermining would probably cause the annihilation of the whole structure; as it is, a very serious and pernicious under-current does take place. The chart of Port Saïd shows a cutting of 35 feet, extending 300 yards from the extreme of the break water, and on the line of its direction, and the effect of this under-current can be traced for some considerable distance, throwing off the sand and mud taken with it to the right and left, the latter being more determined in its bank-forming aspect through meeting with opposing elements; the former, or to the eastward, is more uniform (though no less an evil), from having the rolling seas and current favourable for further dispersion.

Under-current at end of west breakwater.

Bank-forming property of under-current.

Dispersing property of current and breaking sea.

The heavy seas that wash along the coast flooding the flat sands adjacent to the towns (even to surrounding the houses near the English Consulate), send into the Canal between the high lighthouse and the Pratique office large quantities of sand, which are held in suspension until thrown down in the harbour.

Westerly gales flood and flats near the town.

Forty-eight hours after a strong westerly gale the under-current at the end of the west breakwater was determined, by a 4 feet square current drag (similar to Captain Wharton's Bosphorous and Dardanelles drag), as follows: the drag put over on the west edge of the extreme, took a course to seaward on the line of the breakwater at $1\frac{1}{2}$ knots per hour for a short distance; when put over a little further to westward, it went at an angle with the line of breakwater to the north-north-west, and with only one knot strength. Three observations showed the under-current radiated from the end of the pier, its greatest strength being on the 35-feet line. The surface current was $1\frac{1}{6}$th knots per hour, and was diverted more to the north-eastward than it did during the fine weather observations. There was no wind at the time the under-current was taken, but a long north-west swell (the remnants of the gale) remained.

Current observation after west gale. Diagram B.

The strength of the stream in the Daimetta was $1\frac{1}{6}$ knots per hour. During fine settled weather such as may be experienced during the summer, viz., alternate land and sea breezes, the easterly set will always prevail, but the land wind from the south-east will cause a return current from Pelusium Bay, which curves near the eastern breakwater, and meets the easterly one on the east bank. This land breeze, however, has no effect west of the western breakwater. This return current (which is clear water) is in striking contrast with the turbid easterly set where it joins it. The sea breeze causes the waters to flow to the eastward over the whole area. The return stream or from the westward strikes the end of the eastern breakwater with increased velocity, and is carried across the Canal, and meeting the wash of water over the submerged extension causes an eddy. The shoal patches that exist there may be due to it.

Current in the Damietta.

Currents in fine weather. Diagram C.

Throughout the five years the Canal has now been opened, and from the very little change that has taken place in the depth of water on the eastern side, and close to the eastern breakwater (so insignificantly slight compared with the changes that are daily going on at the west breakwater) it is strange no attempt has been made to profit by the information and experience there given by placing the western break-water under circumstances analogous to its sister; in other words, make it similar to the eastern one by carrying out the suggestion made by Captain Wharton, of constructing a pile or groyne pier to the westward again. The enormous outlay on the recent extension (which each successive gale tries to swallow up) would have gone far towards making a palliative that would have diverted the Damietta and Ghemil streams far to seaward of the Canal entrance.

Little change at east breakwater.

Captain Wharton's suggestion.

Diagram D has been already explained.

Diagram D.

Several attempts were made under various conditions of weather and height of water, to determine if any superficial or under-currents existed, either into or from the Canal, but all were futile; perfect still water only was found. When blowing very hard up, down, or across the channel, floating substances would drift with the wind. During westerly gales there are signs of a current out.

No current at Port Saïd end of Canal.

The changes that have taken place in the shore line between Damietta mouth and Port Saïd cannot be clearly determined, the original survey of the coast being too small. Measurements have been made to the water-line from well defined objects for future reference, they are:—

Beach-marks.

		Feet.
Block at inner end of west breakwater to send	.. ..	157
Pole erected in masonry at end of Arab town	.. .. HL ..	350
	.. .. Water L ..	440
Pole erected in masonry with cask on top	.. .. .. HL ..	670
	.. .. .. Water L ..	790

		Feet.
Pole erected in masonry with cask on top	HL ..	600
	Water L ..	760
Admiralty beach-mark C..	HL ..	200
	Water L ..	300
Flagstaff on Debeh Fort	HL ..	1,050
	Water L ..	1,340
Admiralty beach-mark B..	HL ..	840
	Water L ..	1,000
Admiralty beach-mark A..	HL ..	300

Angles.

Angles and true bearings were taken to determine approximately their positions relatively with each other; the projecting of these angles place the coast line nearly three-quarters of a mile to seaward of that of the published chart. This is open to correction, but the projection is sufficiently near to be assured the present coast-line has extended since the survey was made by Captain Mansell. A chart of this piece of coast, with the positions of the several beach-marks carefully determined, together with the extension of the Damietta banks and bar, would on a scale adequately large for the purpose, be extremely useful, not only to the mariner, but as a document of scientific reference.

Probable extension of coast-line.

New survey very necessary.

Time did not admit of the cause of the shoaling in the Canal being studied; it may be due to washings of the banks by the traffic through, or may in some way (by pressure or filtration), result from the superincumbent waters of Lake Menzaleh during high Nile.

Cause of shoaling in Canal.

The beach-marks are in course of construction by the Egyptian Government; the cost of same, about 51*l.*, to be defrayed by the Admiralty.

Cost of beach-marks.

(Signed) JOHN MILLARD,
Navigating Lieutenant, R.N.

Malta, April 28, 1875.

No. 152.

Lord Lyons to the Earl of Derby.—(Received June 19.)

My Lord, *Paris, June* 18, 1875.

I HAD yesterday the honour to receive your Lordship's despatch of the 12th instant, respecting the recent proposals made by the Suez Canal Company, through M. Charles de Lesseps, to the Sublime Porte and to the other Powers which were represented at the Commission which sat at Constantinople. This morning, in obedience to your Lordship's orders, I read the despatch to the Duc Decazes and gave him a copy of it.

The Duke expressed great disappointment at the decision to which Her Majesty's Government had come.

With regard to the necessity of obtaining previously the formal consent of the Khedive to the proposals, the Duke said that he could hardly look upon this as a serious objection, after the course which the Powers had taken with regard to the Constantinople Commission.

As regards the condition that the Canal Company should loyally submit itself to the authority of the Sublime Porte by strictly conforming to the recommendations of the Commission, the Duke observed that he did not know why M. de Lesseps should be called upon to make what would simply be a platonic declaration of submission.

I replied that by refusing to admit the official papers of vessels and by insisting on remeasuring them, the Company opposed more than a "platonic" resistance to the recommendations of the Commission; while by sending in periodically claims for the losses it professed to suffer, it proclaimed its denial of the authority of the Porte in a very marked, not to say offensive, manner.

The Duke proceeded to tell me that he had received a communication from the Italian Government, in which various questions were put to him respecting the proposals. If I understood the Duke rightly that Government also made objections to the proposals, but on grounds different from those alleged by Her Majesty's Government. The Italians seemed, his Excellency said, to attach particular importance to questions relative to the production of the accounts of the Company. The Duke observed, however, that the system of accounts used by the Company was the same as that employed by the Great Railway Companies in France with reference to the

Government guarantee of interest; and that consequently the accounts laid before the Company at the general meetings would seem to contain all the information that could be desired.

I have, &c.
(Signed) LYONS.

No. 153.

Sir H. Elliot to the Earl of Derby.—(Received June 22.)

My Lord, *Therapia, June 12, 1875.*

SAFVET PASHA showed me yesterday the Khedive's remarks upon M. Lesseps' proposal in reference to the extraordinary works upon the Suez Canal.

It is a carefully prepared and elaborate document, to which I cannot hope to do justice upon a single perusal, and I confine myself to endeavouring to convey a general outline of it to your Lordship.

The Viceroy considers that the question raised by the Canal Company must be referred to a Commission of competent persons such as would inspire confidence.

No intimation is given that it should be an International Commission, and Safvet Pasha believes that such is not the Khedive's intention.

His Highness observes that the necessity for the new works must be examined as well as the question whether they can all be looked upon as extraordinary, and whether some of them ought not to be paid for out of the ordinary revenues of the Company.

He is not prepared to accept, without investigation, M. Lesseps' calculation of the future probable earnings of the Company under the present tariff, and he considers that it must be ascertained whether there are not means of reducing some of the ordinary expenses. In short, every precaution must be taken to prevent undue charges from being laid upon the shipping.

He intimates that, as the Company comes forward to ask for authority to levy fresh charges, it must submit to the conditions upon which the sanction will be given, and among those conditions seem to be the approval of the plans upon which the works are to be made, and some control over their execution.

Safvet Pasha asked my opinion upon this paper and upon the answer that the Porte should return to the Viceroy. I said that it would require very careful consideration, and I could say nothing upon the cursory glance that I had had of it.

The document appeared to convey, although perhaps not very distinctly, the expression of an admission on the part of the Viceroy, as a general principle, that the Company might be allowed to raise extraordinary means for undertaking extraordinary works.

It was clear that no modification of the original contract could be made without the concurrence of the Viceroy, or sanctioned by the Porte, without being previously referred to the Governments principally interested in the question, by whom it would have also to be minutely examined.

It would, therefore, have to be decided whether the close examination of the proposal, on which the Viceroy very properly insisted, was to be made in the first instance by himself and the Porte, and then submitted to the appreciation of the Powers, or whether it might not save time if all the Governments interested were invited to take part in the inquiry proposed by His Highness.

Upon that point I said I could express no opinion before being made acquainted with the views of Her Majesty's Government.

I have, &c.
(Signed) HENRY ELLIOT.

No. 154.

The Secretary to the Admiralty to Mr. Lister.—(Received June 23.)

Sir, *Admiralty, June 21, 1875.*

REFERRING to my letter of the 18th January last, on the subject of the protest made by Captain Willoughby, the Principal Transport Officer and Agent for the Government of India in Egypt, against the charge of 50 c. levied by the Suez

Maritime Canal Company on the tonnage of Her Majesty's Indian troop-ships when escorted by one of the steam tenders "Hasty" or "Prompt," I am commanded by the Lords Commissioners of the Admiralty to transmit herewith copy of a letter from Captain Willoughby, dated 19th ultimo, with inclosures, and of a previous letter, dated the 23rd December, 1874, relative to the payments made by him in respect of the passage of these tenders during the period of the last Indian troop season between October and April last, and to acquaint you, for the information of the Secretary of State for Foreign Affairs, that the sum overpaid to the present time on account of the illegal charge above mentioned is 817*l.* 9*s.* 5*d.*, as per statement annexed.

I have, &c.
(Signed) VERNON LUSHINGTON.

No. 155.

Mr. Doria to the Earl of Derby.—(Received June 28.)

My Lord, *St. Petersburgh, June 22, 1875.*

AT an interview which I had with Baron Jomini this morning, I introduced the subject of the Suez Canal; his Excellency said that his Government had always entertained liberal views with regard to the Company, which the Russian Government thought was not generally the case, and that a private Company which had risked so much in so grand and universally beneficial an undertaking was entitled to much consideration. The Imperial Government, he said, were of opinion that rigid inquiry should be made to ascertain how far the expenses, as asserted by the Company as necessary for keeping the Canal in proper condition, were warranted by facts, in order to prevent extra demands on that score, and that measures should be taken to ensure only the proper outlay; but they did not view favourably the proposal for an International Commission for that purpose, although some arrangement was requisite to curb any exorbitant demands of the Company.

"It is also the opinion of my Government," his Excellency added, "that a longer period should be accorded to the Company for diminishing the scale of the dues instead of acceding to their demand to levy an extra franc per ton; but," he concluded, "as I am not yet in possession of the details which the Ottoman Government are to furnish with reference to the demands of the Company, my Government is not in a position to form a definite opinion on the precise manner best calculated to meet existing difficulties, and of coming to an arrangement.

I have, &c.
(Signed) W. DORIA.

No. 156.

Mr. Trevor to Mr. Lister.—(Received June 30.)

Sir, *Board of Trade, Whitehall Gardens, June 29, 1875.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 18th instant, transmitting, with reference to the Suez Canal question, a copy of a Report of the survey of Port Saïd and its approaches, made to the Lords Commissioners of the Admiralty in the early part of the present year by Navigating Lieutenant John Millard, R.N.

The Board of Trade request that you will state to the Earl of Derby that they have perused the Report with much interest, and observe that it entirely bears out the opinion already expressed by Colonel Stokes, viz., that groynes to stop and divert the silt are required rather than the extension of the pier.

The Board would further remark that it appears clear that no concession should be made to M. Lesseps in respect of new works until Her Majesty's Government are satisfied that the proper course, in an engineering point of view, has been adopted by the Canal Company.

I have, &c.
(Signed) C. CECIL TREVOR.

No. 157.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, July 2, 1875.*

HER Majesty's Government have had under their consideration your Excellency's despatch dated the 18th ultimo, stating the substance of a conversation which had passed between yourself and the Duc Decazes, respecting the decision at which they had arrived with regard to the recent proposals made by the Suez Canal Company, through M. Charles de Lesseps, to the Sublime Porte and to the other Powers which were represented at the International Commisson at Constantinople.

I have now to observe to your Excellency, with reference to the question of obtaining, in the first place, the consent of the Khedive to the proposals of the Company, that the course adopted by the Powers with respect to the Constantinople Commission did not in any way compromise the rights of the Khedive over the Suez Canal, nor establish a precedent adverse to the present condition, *sine quâ non*, attached by Her Majesty's Government to a consideration of M. de Lesseps' proposals, namely, the consent of the Khedive.

Throughout the transactions connected with the Suez Canal from 1854 to this time, the Ruler of Egypt has subordinated all of his concessions to the Canal Company to the superior authority of the Sublime Porte. Without the Firman of His Majesty the Sultan no act of the Khedive's was valid; but, on the other hand, the Sultan did not, *proprio motu*, modify any clause of the Charter. During the period from 1st July, 1872, to the 29th April, 1874, both the Khedive and M. de Lesseps formally recognized the Sultan as the Sovereign Arbiter to whom the last appeal must be made, and engaged to accept His Majesty's award. But, as in the concession of the original Charter, the Viceroy is the direct party to the deed, acting under sanction of his Sovereign, but regulating all the details and terms of the agreement; so the Imperial decision on the meaning of those terms and details having been given under the advice of the Constantinople Commission, it was the Khedive, acting under the orders of the Sovereign, who had to cause that decision to be respected; for it is to be observed in this matter that the said Commission was assembled at the instance of the Porte to pronounce an opinion on which the Ottoman Government could act, and that the Commission scrupulously confined its action within the limits thus traced for it.

The Khedive had, on that occasion, formally declared beforehand his readiness and intention to abide by the Sultan's decision on the point referred to His Majesty; but in the present instance the Suez Canal Company had addressed itself direct to the Sultan without reference to the Khedive, and Her Majesty's Government hold that they are perfectly in order in demanding the preliminary consent of the Khedive to any modification of the arrangement which His Highness accepted in advance in 1873.

Your Excellency has given so complete an answer to the Duc Decazes' remark that the condition demanded of M. de Lesseps was that he should make a platonic declaration of submission, that it is scarcely necessary for Her Majesty's Government to add anything to it. It may, however, be remarked, that what Her Majesty's Government demand is not a declaration, but a loyal submission to the Sultan's decision, expressed by acts and not by words.

With regard to the communication of the Italian Government, spoken of by the Duc Decazes, I have to state that a similar one has reached Her Majesty's Government, copies of which and of the answer returned thereto are herewith inclosed. It will be perceived that it is not so much the mode of keeping the accounts of the Suez Canal Company as the items of M. de Lesseps' fresh demand which are criticized in the Italian Memorandum.

I have to state, in conclusion, that your Excellency's despatch leaves the question standing much in the same position which it occupied a year ago. It does not, however, appear to Her Majesty's Government that the Government of France has any real ground for disappointment in the matter, for while it could hardly be expected that Her Majesty's Government should concede M. de Lesseps' demands so long as he continued in a state of open contumacy, yet the French Government have received their assurance that on M. de Lesseps' loyal submission to authority his demand shall be fairly considered.

I am, &c.
(Signed) DERBY.

No. 158.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, July 3, 1875.*

HER Majesty's Government have had under their consideration your Excellency's despatch of the 12th instant, giving a résumé of the remarks of the Khedive on M. de Lesseps' proposals; and I have now to state to you that, if the general consent of His Highness is obtained, and M. de Lesseps submission to the Sultan's decision of 1874 is made, the most practical way of arriving at a result within a reasonable time would be that suggested at the close of your Excellency's despatch, but it seems unlikely that any such solution of the Suez Canal question is immediately at hand. Indeed, were M. de Lesseps to submit at once, it appears to Her Majesty's Government that it would not be possible to arrive at an understanding relative to the works to be carried out before the annual meeting of the shareholders, which is now fixed for the 29th of next month; although at the outset M. Charles de Lesseps expressed his desire to have matters arranged before that general meeting.

I am, &c.
(Signed) DERBY.

No. 159.

Sir H. Elliot to the Earl of Derby.—(Received July 4.)

My Lord, *Therapia, June 19, 1875.*

SAFVET PASHA pressed me again this morning to give him my opinion upon the course which the Porte ought to adopt, in reference to the communication of the Khedive upon the proposal for additional taxation upon the vessels passing the Suez Canal for the purpose of meeting the cost of extraordinary works.

M. Charles Lesseps was, he said, anxious to return to Paris for the meeting of the shareholders of the Company, and wished the Porte to inform him officially that a Commission had been named for the examination of the proposal.

I said that, in the absence of any intimation from your Lordship whether Her Majesty's Government considered that the project should be entertained or not, I was scarcely in a position to offer him any advice.

Having, however, now had the opportunity of reading the Viceroy's communication attentively, I thought it impossible to deny that there was much in it that deserved the most attentive consideration.

Her Majesty's Government would expect that no additional taxation should be laid upon the shipping without their being previously consulted upon it by the Porte, but it was very proper that, before submitting a proposal for such taxation to the Governments interested, the Porte should ascertain that there were good grounds for making it, and be satisfied that it was such as could fairly be brought forward.

I could see no reason why this should not be done by a Commission, as suggested by the Khedive, and upon its report the Porte would be able to submit the arrangement, which it thought most desirable, to the appreciation of the other Governments.

I have, &c.
(Signed) HENRY ELLIOT.

No. 160.

Acting Consul-General Cookson to the Earl of Derby.—(Received July 5.)

My Lord, *Alexandria, June 21, 1875.*

YOUR Lordship's despatch of 12th April last, addressed to General Stanton, in which a hope was expressed that Her Majesty's Consul at Port Said would in future be able to furnish, from reference to data in his own office, returns in a more perfect form of the results of the remeasurements, by the Suez Canal Company, of British vessels taking special Suez certificates, having been communicated to Mr. Acting Consul Baker, I have the honour to transmit a copy of that gentleman's reply.

From this reply it appears that the returns desired by your Lordship cannot be supplied from the Consulate itself, as only a very small number of vessels passing

through the Canal report themselves there, and the agents of the ships themselves do not keep any account of anything but the dues which they actually pay.

I have, &c.
(Signed) CHAS. A. COOKSON.

Inclosure in No. 160.

Mr. Baker to Acting Consul-General Cookson.

Sir, *Port Said, June* 14, 1875.

I HAVE the honour to acknowledge receipt of General Stanton's despatch of the 9th May, inclosing a copy of a communication from the Earl of Derby relative to certain returns furnished by this office in February last, bearing upon the use made of the special Suez certificates by ships passing through the Canal.

Referring to the wish expressed in the therein annexed Memorandum of Colonel Stokes, and confirmed by his Lordship, that in future such returns may be more perfect, and furnished from data in the Consulate, I beg to say that Mr. Consul Perceval made every effort to supply the information required respecting the certificates in the fullest manner possible, and any deficiency arose only from the inability of the steamer agents themselves to furnish more exact details.

According to the regulations of the Board of Trade, it is only obligatory upon the masters of British ships to report themselves at the Consulate, provided they remain forty-eight hours in harbour, consequently, of the vessels transiting in the Canal only such masters as require Consular assistance, or who are delayed here by accident, or other cause, do so report themselves. Foreign ships, of course, being out of the jurisdiction of the British Consulate, hold no communication whatever with it, and particulars concerning them can, therefore, only be obtained from their respective authorities or agents, and this as a matter of courtesy.

It is obviously impossible, therefore, under these circumstances, for this office to be in the actual possession of all data upon which to base every description of information that may henceforth be requested, and the nature of which is previously unknown.

I take, however, the liberty of suggesting that should any further particulars be required, either upon the matter of the special certificates, or upon other points which the exceptional position of this port, and the existing Board of Trade Regulations, preclude this Consulate from obtaining from the shipmasters themselves, that particular instructions be transmitted me to that effect, when I will take all possible steps to ensure my being able to furnish Her Majesty's Government, on the points specified, with the fullest and most exact information obtainable.

I have, &c.
(Signed) DUKE BAKER.

No. 161.

Mr. Gray to Mr. Lister.—(Received July 5.)

Sir, *Board of Trade, Whitehall Gardens, July* 2, 1875.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 31st May last, transmitting, by direction of the Earl of Derby, a letter from the Board of Admiralty relative to the amount of port dues charged by the Suez Canal Company upon Her Majesty's ship "Pallas," and requesting to be furnished with this Board's observations thereon.

In reply, I am to state, for his Lordship's information, that the Board of Trade have no observations to offer beyond stating that the dues are charged on the wrong tonnage.

I have, &c.
(Signed) THOMAS GRAY.

No. 162.

Lord Lyons to the Earl of Derby.—(Received July 7.)

(Extract.) *Paris, July 6, 1875.*

I SPOKE to the Duc Decazes the day before yesterday, in the sense of your Lordship's despatch of the 2nd instant, respecting the arrangements proposed to the Porte by M. Charles de Lesseps, on behalf of the Suez Canal Company.

I pointed out to the Duke that the course adopted by the Powers with regard to the Constantinople Commission did not, in any way, establish a precedent adverse to the condition, *sine quâ non*, attached by her Majesty's Government to a consideration of M. Charles de Lesseps' proposals, namely, the consent of the Khedive.

I observed, moreover, to the Duke as to the other condition insisted upon by Her Majesty's Government, that what Her Majesty's Government demanded was not a mere verbal declaration but a loyal submission to the Sultan's decision, manifested by acts not words.

Finally, I said that it appeared that what the Italian Government had criticised was not so much the mode of keeping the accounts of the Suez Canal Company as the items of M. de Lesseps' fresh demand.

The Duke went on to say that he believed that after all the principal difficulty in settling the whole matter would be found to lie in the establishment of a supervision of the expenditure; but that this difficulty naturally seemed greater to Englishmen than to Frenchmen, as the State in France always exercised a supervision over the accounts of the great railway companies.

No. 163.

Lord Lyons to the Earl of Derby.—(Received July 10.)

My Lord, *Paris, July 9, 1875.*

IN my despatch of the 18th ultimo I had the honour to report to your Lordship that I had, in obedience to your orders, communicated to the Duc Decazes your despatch to me of the 12th ultimo, expressing the views of Her Majesty's Government with regard to the proposals made to the Porte by M. Charles de Lesseps on behalf of the Suez Canal Company.

I have now the honour to inclose a copy of a note, dated the 5th instant, which I received last night from the Duc Decazes, and which contain observations on your Lordship's despatch.

The Duc Decazes argues against the conditions laid down by Her Majesty's Government as preliminary to taking the proposals into considerations, and he writes in support of the proposals themselves.

It would appear, however, from the telegram from Sir Henry Elliot, which your Lordship was so good as to repeat to me, that the proposals have been withdrawn by M. Charles de Lesseps.

I have, &c.
(Signed) LYONS.

Inclosure in No. 163.

The Duc Decazes to Lord Lyons.

M. l'Ambassadeur, *Versailles, le 5 Juillet, 1875.*

VOTRE Excellence m'a fait l'honneur de me remettre copies d'une dépêche du Principal Secrétaire d'Etat de la Reine pour les Affaires Etrangères, dans laquelle se trouve exposée l'opinion du Gouvernement Anglais sur les propositions adressées à la Porte Ottomane par le Vice-Président de la Compagnie de Suez.

La lecture attentive de cette dépêche m'a suggéré quelques observations que je crois devoir communiquer à votre Excellence, avec l'espoir qu'elles pourront n'être pas sans influence sur les décisions définitives du Gouvernement de Sa Majesté Britannique.

Lord Derby exprime d'abord l'opinion que les propositions de la Compagnie impliqueraient certaines modifications de son contrat primitif avec le Gouvernement

Egyptien, et que, dès lors, il conviendrait, avant tout, de s'assurer de l'adhésion du Khédive à ces changements.

Il ne m'avait pas semblé, M. l'Ambassadeur, que la concession de l'une ou l'autre des facilités demandées à la Porte pour pouvoir exécuter sans retard des travaux urgents et extraordinaires dût porter atteinte aux dispositions stipulées, à l'origine, entre le Vice-Roi et M. de Lesseps ; le nouvel exemen auquel je viens de me livrer à ce sujet a confirmé mon impression première. Sans doute l'intervention du Khédive ne saurait être écartée, mais, ainsi que votre Excellence voudra bien le remarquer, le droit d'établir certaines taxes accessoires avait été expressément reconnu à la Compagnie par son Acte de Concession ; c'est le Gouvernement Ottoman qui plus tard, d'après l'avis de la Commission de Constantinople, en a subordonnée l'exercice à l'assentiment qu'il s'est réservé de donner après entente avec les Puissances intéressées : c'était donc à lui, ce me semble, que la Compagnie devait s'adresser aujourd'hui pour obtenir l'autorisation de percevoir une taxe de stationnement ou autre d'un franc par tonneau. L'autre mesure sollicitée, à défaut de celle-la, par M. Charles de Lesseps, consisterait à éloigner le point de départ, et, au besoin, à modifier l'échelle de la décroissance que doit subir, à un moment donné, la surtaxe de 3 fr. par tonneau dont la Porte a admis la perception temporaire : or, toutes les dispositions relatives à cette décroissance sont l'œuvre de la Commission de Constantinople, et la décision souveraine qui les a rendues obligatoires pour la Compagnie peut être modifiée sans qu'il soit nécessaire de rien changer aux contrats primitifs. Bien que, du reste, le Khédive se fût abstenu d'intervenir, en 1873, dans la solution des questions alors soumises à l'examen des délégués des Puissances intéressées, la Porte ne s'en est pas moins empressée de lui communiquer les demandes de M. Charles de Lesseps : je viens d'apprendre qu'il s'y est montré favorable en principe et qu'il se réserve, seulement, de les examiner avec soin au point de vue de la nécessité et de l'importance des travaux projetés.

D'un autre côté, le Principal Secrétaire d'Etat de la Reine signale, comme contraire aux prescriptions du Gouvernement Ottoman, le mesurage auquel l'administration du Canal soumettrait les navires dans le but de vérifier le tonnage inscrit sur leurs papiers de bord. En outre, le caractère conditionnel de l'offre qu'aurait faite la Compagnie, pour le cas où ses demandes seraient accueillies, de cesser ce mesurage en même temps que d'abandonner ces réclamations périodiques contre la réduction qu'ont éprouvée ses recettes par suite de l'application du tarif actuel, paraît à Lord Derby peu compatible avec le respect dû aux décisions du Gouvernement Ottoman, et cette considération porterait le Cabinet de Londres à différer, jusqu'à ce que la Compagnie se fût complètement soumise à l'autorité de la Porte, l'examen de propositions qui se recommandent, d'ailleurs, par leur objet, à sa bienveillante attention.

Si ces propositions m'eussent paru s'écarter de la déférence à laquelle la Compagnie est tenue envers le Gouvernement Ottoman, je n'avais pas hésité, M. l'Ambassadeur, à m'abstenir moi-même de toute intervention ; mais les explications que je vais avoir l'honneur de donner à votre Excellence amèneront, je l'espère, le Principal Secrétaire d'Etat de la Reine à reconnaître, avec moi, que l'attitude de la Compagnie a été ce qu'elle devait être en cette circonstance.

En ce qui concerne le mesurage auquel ont été assujettis les navires au début de l'application du nouveau tarif, je prierai tout d'abord votre Excellence de remarquer que M. l'Ambassadeur d'Angleterre à Constantinople, bien qu'ayant appuyé auprès de la Porte les réclamations de ses nationaux contre ce mode de procéder, n'a pas fait difficulté d'admettre, d'après ce que m'écrivait dernièrement M. le Comte de Vogüé, que la question pourrait être réglée en même temps que les différents points auxquels se rapportent les demandes de M. Charles de Lesseps ; la manière d'agir de la Compagnie ne paraissait donc pas à Sir H. Elliot de nature à motiver les observations dont elle est aujourd'hui l'objet de la part de Lord Derby. Quoi qu'il en soit, on ne saurait, à mon avis, contester, en principe, à l'administration du Canal, le droit de vérifier par elle-même les indications de tonnage dont elle croit être fondée à se défier ; peut-être a-t-elle trop fréquemment usé de cette faculté à l'époque où les bâtiments n'étaient pas encore porteurs de certificats constatant leur capacité utile évaluée d'après la méthode Danubienne ; mais aujourd'hui, si je suis bien informé, elle ne procède au mesurage que très rarement et dans les seuls cas où il existe de fortes présomptions d'inexactitude. J'ajouterai que le commerce maritime du Royaume Uni est intéressé, au point de vue de l'égalité des conditions de concurrence, à ce que les bâtiments appartenant à des pays où l'on apporte aux opérations de jauge un soin moins scrupuleux qu'en Angleterre ne tirent pas avantage des dissimulations de tonnage que facilitent trop souvent leurs papiers de bord.

Quant aux protestations de la Compagnie contre l'application du nouveau tarif,

elles n'excluent pas, en fait, sa soumission aux ordres de la Porte, et, tout en les considérant comme inefficaces et intempestives, je ne saurais y voir un motif suffisant d'ajourner l'examen de demandes qui intéressent essentiellement le commerce maritime. Il me paraît difficile, en effet, de ne pas admettre que la question d'interprétation du Firman de Concession est restée entière en ce qui concerne la Compagnie, et que celle-ci, n'ayant pris aucune part à la transaction d'où est sorti le tarif actuel, ne s'est pas trouvée liée de plein droit par l'adhésion du Gouvernement Français aux bases de cet arrangement. Si aujourd'hui, pour reconnaître les concessions nouvelles qui lui seraient faites, elle adhérait formellement, à son tour, à la transaction intervenue à Constantinople au mois de Décembre, 1873, ce résultat n'aurait, ce me semble, rien qui pût froisser la susceptibilité de la Porte ni celle des autres Puissances intéressées.

Quoi qu'il en soit, il serait, selon moi, très regrettable, M. l'Ambassadeur, que des difficultés de forme fissent ajourner indéfiniment la négociation dont M. Charles de Lesseps a pris l'initiative. Ce n'est pas la Compagnie de Suez, votre Excellence ne peut manquer de la reconnaître, qui est le plus intéressée au succès de cette négociation : ses recettes, dès que le mouvement du transit se sera élevé à 2,100,000 tonneaux par an, subiront un temps d'arrêt qui pourra se prolonger plusieurs années, et comme, au bout de la sixième période annuelle, elles seraient même moindres qu'à la fin de la première, la Compagnie, si elle ne consultait que son intérêt immédiat, pourrait souhaiter que le chiffre de 2,100,000 tonneaux restât stationnaire, un accroissement de transit de 28 pour cent devant avoir pour unique résultat d'augmenter les frais d'exploitation. Est-on, dès lors, fondé à espérer que, dans le but de rendre la traversée du Canal plus sûre et plus prompte, à la fois, elle s'imposera d'onéreux sacrifices dont elle ne recueillerait le fruit qu'à une époque sans doute très éloignée, et qui aurait pour effet immédiat d'aggraver sa situation financière? Le commerce maritime, au contraire, a tout intérêt à ce que les travaux projetés s'exécutent à bref délai. Il importe, en effet, d'assurer, à Port Saïd, où les moyens employés jusqu'ici pour combattre l'ensablement du port seront bientôt peut-être insuffisants, un accès large et facile aux nombreux navires qui abordent ou quittent le Canal. Il n'est pas moins urgent d'approprier sur plusieurs points cette grande voie de transit, en élargissant ses courbes, en les rectifiant au besoin, et en augmentant le nombre des garages, aux dimensions nouvelles que les armateurs font donner à leurs bâtiments pour répondre aux exigences toujours croissantes du commerce de l'Europe avec l'extrême Orient. Depuis un an plusieurs navires de 125 à 128 mètres de longueur figurent dans la flotte régulière du Canal, et la lenteur relative de leur trajet, les accidents auxquels ils sont plus particulièrement exposés, occasionnent parfois des retards dont les autres bâtiments engagés à leur suite ont également à souffrir. J'ajouterai qu'au point de vue même des charges pécuniaires que lui impose la traversée du Canal, le commerce maritime retirerait des avantages réels de l'adoption des propositions faites par la Compagnie : sans doute, il aurait à supporter passagèrement un surcroît de dépenses; mais le prompt accomplissement des améliorations que réclame le Canal devant avoir pour effet de développer le mouvement du transit et d'accélérer ainsi l'époque où la surtaxe de 3 fr. aura complètement disparu, il ne tarderait pas à trouver, dans ce dégrèvement définitif, un ample dédommagement de ses sacrifices momentanés.

Agréez, &c.
(Signé) DECAZES.

(Translation.)

M. l'Ambassadeur, *Versailles, July* 5, 1875.

YOUR Excellency did me the honour to communicate to me a copy of a despatch from Her Majesty's Principal Secretary of State for Foreign Affairs, in which were set forth the views of the British Government on the proposals addressed to the Porte by the Vice-President of the Suez Company.

An attentive perusal of this despatch has suggested to me some remarks which I think it right to communicate to your Excellency, in the hope that they may not be without influence on the final decisions of Her Majesty's Government.

Lord Derby, in the first place, expresses an opinion that the proposals of the Company would involve certain modifications of its original contract with the Egyptian Government, and that therefore it would first of all be necessary to insure the adhesion of the Khedive to these changes.

It did not seem to me, M. l'Ambassadeur, that the concession of one or other of the facilities demanded by the Company, in order to be able to execute without delay urgent and extraordinary works, would infringe the stipulations agreed upon originally between the Viceroy and M. de Lesseps. The further consideration which I have given

to this subject confirms my first impression. Doubtless the intervention of the Khedive cannot be dispensed with, but, as your Excellency will remark, the right of the Company to establish certain additional taxes had been expressly recognized by the Act of Concession; though later on, upon the recommendation of the Constantinople Commission, the Ottoman Government made the exercise of that right conditional upon their assent, which was only to be given after coming to an understanding with the Powers interested. It is then, it seems to me, to the Porte that the Company ought now to address itself to obtain the authorization to levy a berthing or other due of a franc per ton. The other measure, urged as an alternative by M. Charles de Lesseps, consists in postponing the date, and, if necessary, in modifying the scale of the diminution which must at a fixed epoch take place in the surtax of 3 francs per ton levied temporarily by permission of the Porte; now all the provisions regulating this diminution are the work of the Constantinople Commission, and the sovereign decision which has rendered them binding on the Company may be modified without it being necessary to change anything in the original contracts. Although, moreover, the Khedive abstained from intervening in 1873 in the solution of the questions then submitted to the Delegates of the Powers interested, the Porte nevertheless did not fail to communicate to him the proposals of M. Charles de Lesseps. I have just learnt that he showed himself favourable to them in principle, and that he only reserves the right of carefully examining them with reference to the necessity and importance of the projected works.

On the other hand, Her Majesty's Principal Secretary of State points out, as contrary to the injunctions of the Ottoman Government, the measurement to which the administration of the Canal subjects ships with the object of verifying the tonnage inscribed on their papers. Moreover, the conditional character of the offer made by the Company to give up this measurement as well as to abandon the periodical protests against the reduction which its receipts have experienced by reason of the application of the present tariff, in the event of its demands being accepted, seems to Lord Derby to be incompatible with the respect due to the decisions of the Ottoman Government; and this consideration induces the Cabinet of London to defer, till the Company has completely submitted to the authority of the Porte, the examination of proposals, whose objects, nevertheless, recommend them to its friendly consideration.

Had these proposals seemed to me to be wanting in the deference which the Company is bound to show towards the Ottoman Government I should not have hesitated M. l'Ambassadeur, in myself abstaining from all intervention; but the explanations which I am about to have the honour of giving your Excellency will, I hope, lead Her Majesty's Principal Secretary of State to agree with me that the attitude of the Company has been what it should have been in this matter.

With regard to the measurement to which ships have been subjected since the application of the new tariff, I beg your Excellency to remark that the British Ambassador at Constantinople, although supporting at the Porte the protests of his countrymen against this proceeding, made no difficulty in admitting, as reported to me lately by the Comte de Vogüé, that the question might be settled at the same time as the different points raised by the proposals of M. Charles de Lesseps; the action of the Company did not then seem to Sir H. Elliot of a nature to give rise to the observations which it now elicits from Lord Derby. However this may be, it cannot, I think, be contested in principle that the Canal administration has the right to verify for itself declarations of tonnage which it may think itself justified in mistrusting. Possibly it used this power too freely at the time when ships did not yet carry certificates stating their utilizable capacity calculated according to the Danubian Rules. But now, if I am correctly informed, it very rarely has recourse to measurement, and only in cases where there is strong presumption of inaccuracy. I may add that the maritime commerce of the United Kingdom is interested, with a view to ensuring equality in the conditions of competition, in precluding ships belonging to countries where the operations of measurement are less carefully performed than in England, from deriving advantage from misrepresentations of their tonnage which their papers too often facilitate.

As to the protests of the Company against the application of the new tariff, they do not, in point of fact, exclude its submission to the orders of the Porte, and, while considering them useless and untimely, I cannot see in them any sufficient reason for adjourning the examination of proposals which are of paramount interest to maritime trade. It seems to me, in fact, difficult not to admit that the question of the interpretation of the Firman of Concession has remained untouched so far as the Company is concerned, and that the latter, having taken no part in the compromise

which resulted in the present tariff, was not obliged to consider itself bound by the adhesion of the French Government to the bases of this arrangement. If, at the present moment, in recognition of the new concessions which might be made to it, it should in its turn formally adhere to the arrangement made at Constantinople in December, 1873, there would be nothing in this result, it seems to me, which could either offend the susceptibilities of the Porte or those of the other interested Powers.

However this may be, it would, in my opinion, be very deplorable, M. l'Ambassadeur, that difficulties on points of form should indefinitely adjourn the negotiation in which M. Charles de Lesseps has taken the initiative. Your Excellency cannot fail to recognize that it is not the Suez Canal Company which is most interested in the success of this negotiation. Its receipts, so soon as the traffic passing through the Canal amounts to 2,100,000 tons a year, will remain stationary for a period which may perhaps be extended over several years, and, as at the end of the sixth annual period they would be even less than at the end of the first, the Company, were it only to consult its immediate interests, might wish that the number of 2,100,000 tons should remain stationary, since the sole result of an increase of traffic of 28 per cent. would be an increase in the expenses of working. Is one then entitled to hope that with the view of making the passage of the Canal both safer and quicker, the Company will impose on itself onerous sacrifices of which it will only reap the fruits at a date unquestionably very distant, and which would have for their immediate effect the aggravation of its financial position? Maritime commerce, on the contrary, has every interest in the projected works being executed within a short period. It is important, in fact, to secure at Port Saïd, where the means hitherto employed to prevent the silting up of the harbour will soon, perhaps, be insufficient, a wide and easy entrance for the numerous vessels arriving at or leaving the Canal. It is not less urgent to improve this great route at several points by widening its curves, straightening them if necessary, and increasing the number of wharves to the new dimensions shipowners are giving to their ships in consequence of the continually growing demands of the commerce of Europe with the extreme East. During the last year several ships from 125 to 128 metres long have appeared in the regular fleet of the Canal, and the comparative slowness of their passage, and the accidents to which they are more especially exposed, sometimes occasion delays for which other ships behind them have to suffer. I may add that even from the point of view of the pecuniary charges imposed upon it for using the Canal, maritime commerce would derive real advantage from the adoption of the proposals made by the Company. Doubtless it would have to put up with increased expenses for the time, but as the speedy accomplishment of the improvements required by the Canal would result in the development of the traffic, and so accelerate the period when the surtax of 3 fr. will have completely disappeared, maritime commerce would not be long in finding in this final abolition ample compensation for temporary sacrifices.

I have, &c.

(Signed) DECAZES.

No. 163.

The Earl of Derby to Lord Lyons.

My Lord, *Foreign Office, July* 10, 1875.

WITH reference to your Excellency's despatch of the 6th instant, I have to approve the language which you held to the Duc Decazes respecting the arrangements proposed to the Porte by M. Charles de Lesseps on behalf of the Suez Canal Company.

I am, &c.

(Signed) DERBY.

No. 164.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, July* 10, 1875.

HER Majesty's Government approve the language held by you to Safvet Pasha, as reported in your Excellency's despatch of the 19th ultimo, relative to the question of raising funds for extraordinary works on the Suez Canal.

I am, &c.
(Signed) DERBY.

No. 165.

Sir H. Elliot to the Earl of Derby.—(Received July 13.)

My Lord, *Therapia, July* 4, 1875.

M. CHARLES LESSEPS has written to Safvet Pasha to inform him that he had received a telegram from Paris, directing him to withdraw the proposal that had been made for providing means for the Suez Canal Company to carry out the extraordinary works which are required, and to state that the Company would continue to levy the dues, with their present reserves, according to the tariff imposed upon it.

A few days ago, Safvet Pasha had intimated to M. de Lesseps that the Porte could return no answer to him till after the arrival of the Khedive, who is expected in the course of the month.

I have not seen M. Charles Lesseps since this decision was come to, but I understand from my French colleague that the Company objects to the question being referred to Egypt, wishing, on the contrary, that it should be arranged by the Porte at Constantinople.

I remarked that the proposition of the Company implied an evident modification of the original contract, which had been concluded between the Viceroy and the Company, although ratified by the Porte, and that His Highness had always insisted, with perfect justice, that no such modification could be made except by him.

The Company did not, therefore, seem entitled to complain if the Khedive pointed out the conditions upon which he might be disposed to agree to fresh concessions asked for by it.

I have, &c.
(Signed) HENRY ELLIOT.

No. 166.

The Earl of Derby to Sir H. Elliot.

Sir, *Foreign Office, July* 15, 1875.

I APPROVE the language which your Excellency held to your French colleague, as reported in your despatch of the 4th instant, respecting the withdrawal by M. C. de Lesseps of his proposal for defraying the cost of extra works on the Suez Canal.

I am, &c.
(Signed) DERBY.

No. 167.

The Earl of Derby to Sir H. Elliot.

(Extract.) *Foreign Office, August* 5, 1875.

HER Majesty's Government were giving their attention to your Excellency's despatch of the 19th of June last, reporting your conversation with Safvet Pasha respecting M. Charles de Lesseps' proposals about the surtax, when your telegram of the 4th ultimo announced that M. de Lesseps had withdrawn that proposal.

I now have to observe that it is evident to Her Majesty's Government that M. de Lesseps does not regard the condition *sine quâ non* laid down by Her Majesty's Govern-

ment as so slight a matter as the Duc Decazes, as reported in Lord Lyons' despatch of the 18th of June last, a copy of which was inclosed in my despatch of the 8th ultimo.

It is now the opinion of Her Majesty's Government that the moment is opportune for inducing the Porte to enforce obedience to its authority.

In your despatch of the 7th of April last, your Excellency stated that the Porte was then prepared to send replies to the representations made by Her Majesty's Government during so many months on the illegality of the Canal Company's proceedings. These replies were kept back until M. de Lesseps' proposals should be considered.

I have to request that your Excellency will now press the Porte to send those replies, as Her Majesty's Government consider that the moment has arrived for insisting on the discontinuance of all irregular proceedings on the part of the Company, so that M. de Lesseps may perceive that the Maritime Powers are resolved not to let the adoption of the recommendations of the Constantinople Commission become a dead letter.

No. 168.

Safvet Pasha to Musurus Pasha.—(*Communicated to the Earl of Derby by Musurus Pasha, August* 5.)

M. l'Ambassadeur, *Le* 21 *Juillet,* 1875.

PAR ma dépêche circulaire du 19 Mai, j'ai eu l'honneur de vous communiquer la lettre et le Mémoire de M. de Lesseps fils, formulant quelques propositions au nom de la Compagnie du Canal de Suez.

La Sublime Porte, avant de se prononcer définitivement, voulait s'entendre sur cette question avec Son Altesse le Khédive. Mais M. de Lesseps vient, par sa lettre ci-jointe en copie, me déclarer, au nom de la Compagnie, qu'il retrait ses propositions tout en appliquant sous les réserves déjà formulées le tarif actuel.

Votre Excellence sait que depuis l'acceptation des propositions présentées par la Commission Internationale pour le tonnage et sanctionnées par la Sublime Porte, la Compagnie du Canal de Suez fait régulièrement des réserves contre le Gouvernement Impérial en prétendant avoir le droit de le tenir responsable de la différence qui résulte pour elle de la perception actuelle du péage, et elle donne à ces réserves la plus grande publicité.

Le tonneau-type, sur lequel le péage doit être prélevé, conformément aux prescriptions de la Commission, n'ayant pas été établi d'une manière unilatérale ou arbitraire, mais étant revêtu de la sanction internationale de toutes les Puissances réunies en conférence, votre Excellence comprendra que ces réserves ne peuvent avoir la moindre raison d'être.

En conséquence, la Sublime Porte, dans le seul but d'empêcher que son silence ne puisse jamais être interprêté comme une reconnaissance tacite de leur légitimité, se propose de déclarer à la Compagnie du Canal de Suez qu'elle considère ces réserves, soit quant au fond, soit quant à la forme, dénuées de tout fondement, nulles et non-avenues.

En portant ce qui précède à la connaissance de votre Excellence pour son information, je la prie, &c.

(Signé) SAFVET.

(Translation.)

M. l'Ambassadeur, *July* 21, 1875.

BY my Circular despatch of the 19th of May I had the honour to communicate to you the letter and memorandum of M. Charles de Lesseps, making certain proposals in the name of the Suez Canal Company.

The Sublime Porte, before expressing its final opinion, wished to come to an understanding on this question with His Highness the Khedive; but M. de Lesseps has, in the name of the Company, informed me in a letter, copy of which is herewith inclosed, that he withdraws his proposals, while continuing to apply the existing tariff subject to the reservations already made.

Your Excellency is aware that since the acceptance of the proposals submitted by the International Commission, and sanctioned by the Sublime Porte, the Suez Canal Company addresses periodical protests to the Imperial Government, claiming the right to hold it responsible for the loss resulting from the new mode of levying the tolls, and gives to these protests the greatest possible publicity.

As the tonnage upon which, according to the recommendations of the Commission, the dues should be levied, has not been settled in an arbitrary or one-sided manner, but has received the common sanction of all the Powers assembled in Conference, your Excellency will understand that there can be no grounds for such protests.

Consequently the Sublime Porte, with the sole object of preventing its silence from ever being construed as a tacit recognition of the legitimacy of such protests, has resolved to declare to the Suez Canal Company that it considers those protests, both in regard to their substance and their form, as entirely groundless, null, and void.

In bringing the foregoing observations to your Excellency's knowledge for your information, I have, &c.

(Signed) SAFVET.

Inclosure in No. 168.

M. Ch. de Lesseps to Safvet Pasha.

M. le Ministre, *Buyuk Déré, le 2 Juillet,* 1875.

J'AVAIS instruit ma Compagnie de l'intention manifestée par votre Excellence de procéder sans aucun délai à l'examen des propositions que je lui avais soumises le 7 Avril dernier, dès que son Altesse le Khedive, consultée par lettre Vizirielle, aurait envoyé sa réponse.

Dans la récente entrevue que, sur l'invitation de votre Excellence, j'ai eu l'honneur d'avoir avec son Altesse le Grand Vizir, son Altesse m'a appris qu'elle avait reçu la réponse attendue, et que cette réponse nous était favorable ; cependant elle m'a fait connaître la résolution qu'elle avait prise d'ajourner, pour le moment, l'examen de la question.

J'ai informé le Président de la Compagnie de ce nouveau retard ; un télégramme qu'il vient de m'adresser m'enjoint de retirer toutes les propositions que, par esprit de conciliation et dans un intérêt général, j'avais été chargé de présenter à la Sublime Porte. J'ai l'honneur de transmettre cette communication à votre Excellence.

La Compagnie, jusqu'à nouvel ordre, se bornera, en conséquence, à appliquer, sous les réserves déjà formulées par elle, le tarif qui lui a été imposé.

Veuillez, &c.

(Signé) CH. A. DE LESSEPS.

(Translation.)

M. le Ministre, *Buyuk Déré, July* 2, 1875.

I HAD informed the Company which I represent of the intention expressed by your Excellency of proceeding without delay to the consideration of the proposals which I submitted to you on the 7th of April last, as soon as an answer was received from His Highness the Khedive, who had been consulted on the subject by a Vizirial letter.

In the recent interview which, by invitation of your Excellency, I had the honour to have with his Highness the Grand Vizier, he informed me that he had received the expected answer, and that its tenour was favourable to us; nevertheless his Highness expressed to me the intention he had formed of postponing for the present the consideration of the question.

I informed the President of the Company of this fresh delay; a telegram which he has just addressed to me instructs me to withdraw all the proposals which, in a spirit of conciliation, and on grounds of general interest, I had been directed to lay before the Sublime Porte.

I have the honour to transmit this communication to your Excellency.

The Company will, therefore, until further orders, confine itself to applying, subject to the reservations already made, the tariff which has been imposed upon it.

I have, &c.

(Signed) CHARLES A. DE LESSEPS.

No. 169.

The Secretary to the Admiralty to Mr. Lister.—(*Received August* 12.)

Sir, *Admiralty, August* 11, 1875.

WITH reference to your letter of the 12th, and my reply of the 16th April last, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the Earl of Derby's information, printed copies of the Report by Commander Wharton, of Her Majesty's ship "Shearwater," of the survey made by him on his recent passage through the Suez Canal; together with charts showing the latest depths found during his examination of that locality.

I am, &c.
(Signed) VERNON LUSHINGTON

Inclosure in No. 169.

Report to the Hydrographer of the Admiralty of the Depths obtained in the Suez Canal by Her Majesty's Surveying Ship "Shearwater," on passage through from Suez to Port Said, June 13 *and* 14, 1875.

DURING the passage five simultaneous casts of the lead were obtained at each position, the men being placed as follows:—

One on each lower boom, 40 feet from line of keel.
One in each chain, 17 feet from line of keel.
One on the dolphin striker, in line with the keel.

2. As a general rule the ship was kept well in the centre of the Canal. The difference between the soundings from the two lower booms gives a fair indication of the ship in this respect.

3. In many places the actual centre of the Canal does not seem so deep as the portion a few feet on either side. I am inclined to put that down to the fact of the dredge "shoot" being scarcely long enough to conveniently reach the side of the Canal in many places, when the dredge is in the centre; consequently, if there has been any laxity in recent dredgings, a narow ridge would be left in the actual centre line while deepening the channels. I offer this as a suggestion merely. The actual fact I have no doubt of, having noticed the circumstance early in our passage through, and watched the leadsmen carefully afterwards. It was not so in our passage in 1873, or rather it was not so marked.

4. Comparing these soundings with those taken in our passage of June 1873, I find that where the shoalest water was at that date, there is now almost invariably a depth of over 26 feet, and that the shoaler spots now are in localities where two years ago the water was of the, or above the, average depth. This looks like a gradual silting, and contemporaneous dredging. The latter of course is a known fact.

Undoubtedly, when a vessel grounds and works her screw rapidly to get off, she must leave the level bottom in a very different condition from that in which it was before she furrowed it up. How long the irregularities thus raised take to settle down again, by the washing of passing ships, is a question; but this may account for some of the differences in depth.

5. There were two dredges at work as we passed; one in the southern part of the Little Bitter Lake, one at the 27th mile-post. I was informed that they have not had more than four at work together during the last two years, and that two is the usual number.

6. Some slight inaccuracies in the way of posts removed, &c., are corrected in the accompanying published plan of the Canal.

7. Comparing generally the depth of the Canal in 1873 and 1875, it seems that it is in about the same condition, with perhaps a slight balance in favour of increased depth now.

8. Whilst its average minimum may be stated at 26 feet, there are yet considerable tracts where 25 feet, and even as little as 24 feet, will be passed over.

(Signed) W. J. L. WHARTON, *Commander.*

No. 170.

Lord Tenterden to the Secretary to the Admiralty.

Sir, *Foreign Office, August* 21, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 11th instant, inclosing a copy of Commander Wharton's Report on the survey made by him on his recent passage through the Suez Canal.

I am to request that you will convey to the Lords of the Admiralty Lord Derby's thanks for the communication of this document, as well as for copies of Lieutenant Millard's Report on the same subject which have been supplied to this Office.

I am, &c.

(Signed) TENTERDEN.

No. 171.

Sir H. Elliot to the Earl of Derby.—(Received September 7.)

My Lord, *Therapia, August* 28, 1875.

IN your Lordship's despatch of the 5th instant I am instructed to press the Porte to send its reply to the representations made by Her Majesty's Government, and the necessary instructions to the Khedive, on the illegality of the Suez Canal Company's proceedings.

I feel that I omitted to report to your Lordship that, upon M. Charles Lesseps withdrawing his proposal, I requested Safvet Pasha to cause the letters to the Khedive to be delivered to His Highness, and his Excellency subsequently stated that he had done so.

I, however, communicated to him the views of Her Majesty's Government, by furnishing him with a copy of your Lordship's despatch.

I have, &c.

(Signed) HENRY ELLIOT.

No. 172.

Circular addressed to Her Majesty's Ministers at Courts represented at the Constantinople Commission, and at Copenhagen and Washington.

Foreign Office, September 18, 1875.

I TRANSMIT herewith, for your information, copy of a note from Safvet Pasha to Musurus Pasha,* by whom it was communicated to me, relative to a Declaration which the Porte proposes to make on the subject of the pretended claims of the Suez Canal Company in connexion with the present Tariff of shipping dues.

I am, &c.

(Signed) DERBY.

No. 173.

Major-General Stanton to the Earl of Derby.—(Received November 28.)

My Lord, *Cairo, November* 21, 1875.

I HAVE the honour to forward herewith to your Lordship the copy of a letter which I have recently received from Nubar Pasha, inclosing, for my information, copies of a correspondence which has taken place between the Agent of the Suez Canal Company and the Egyptian Government, with reference to the renewed pretensions of the former to be subject to the jurisdiction of the French Consulate, and to their refusal to receive official communications through the Egyptian authorities; and I beg to inform your Lordship that I have called the attention of Her Majesty's Consular officers in Egypt to this renewed pretension on the part of the Canal Company, and have desired them to pay particular attention to the directions given them in the

* No. 168.

month of July 1872 on this subject, when, in compliance with instructions received from Her Majesty's Ambassador at Constantinople, I warned them to take no step implying a recognition of the jurisdiction of the French Consulate over the Canal Company.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 173.

Nubar Pasha to Major-General Stanton.

Mon cher Consul-Général, *Caire, le* 16 *Novembre*, 1875.

A LA suite des explications et des communications auxquelles a déjà donné lieu la question de juridiction récemment soulévée par la Compagnie du Canal de Suez, je crois utile de vous transmettre copie des deux dernières lettres échangées à ce sujet entre le Ministère et la Compagnie afin que vous soyez bien au courant de la situation.

Veuillez, &c.
(Signé) NUBAR.

(Translation.)

My dear Consul-General, *Cairo, November* 16, 1875.

AFTER the explanations and communications to which the question of jurisdiction lately raised by the Suez Canal Company has given rise, I think it useful to inclose herewith copies of correspondence on this subject between the Ministry and the Company, so that you may be kept thoroughly acquainted with the position of affairs.

I have, &c.
(Signed) NUBAR.

Inclosure 2 in No. 173.

M. Daubrée to Nubar Pasha.

M. le Ministre, *Alexandrie, le* 14 *Octobre*, 1875.

J'AI reçu la lettre que votre Excellence m'a fait l'honneur de m'adresser, sous la date du 10 de ce mois, au sujet de la transmission des actes judiciaires et extra-judiciaires par l'intermédiaire des autorités locales.

Je ne puis que confirmer entièrement la lettre que M. Lamarre a eu l'honneur d'adresser, pendant mon absence, sous la date du 11 Juillet dernier, à son Excellence le Gouverneur de Suez.

Sans entrer dans la discussion même de la question, je me bornerai à rappeler à votre Excellence qu'il avait été convenu que, jusqu'à l'établissement des nouveaux Tribunaux, aucune modification ne serait apportée aux errements du passé.

Or, le fait de nous transmettre des actes judiciaires par l'intermédiaire des autorités locales, et de nous imposer de les recevoir, serait évidemment, suivant moi, une rupture au *modus vivendi*, qu'il a été mutuellement convenu de respecter. Je suis persuadé que ces explications paraîtront suffisantes à votre Excellence; j'aurai, d'ailleurs, soin de porter à la connaissance de M. le Président de la Compagnie les observations qui font l'objet de la lettre de votre Excellence.

Je prie, &c.
L'Agent Supérieur,
(Signé) DAUBREE.

(Translation.)

M. le Ministre, *Alexandria, October* 14, 1875.

I HAVE received the letter which your Excellency did me the honour to address to me on the 10th instant, relative to the transmission of judicial and other documents through the local authorities I can only confirm on all points the letter which M. Lamarre had the honour to address during my absence on the 4th of July last to his Excellency the Governor of Suez.

Without entering into the discussion of the question itself, I will confine myself to reminding your Excellency that it had been agreed that until the establishment of the new tribunals no modification should be introduced into former customs.

Now the fact of transmitting judicial documents through the local authorities and compelling us to receive them, would certainly, in my opinion, be a breach of the *modus vivendi* which both parties had agreed to observe. I feel sure that these explanations will prove satisfactory to your Excellency. I will not fail, moreover, to lay before the President of the Council the observations which form the subject of your Excellency's letter.

I have, &c.
The Superior Agent,
(Signed) DAUBREE.

Inclosure 3 in No. 173.

Nubar Pasha to M. Daubrée.

M. l'Agent, *Caire, le 28 Octobre*, 1875.

J'AI pris connaissance de la communication que vous m'avez fait l'honneur de m'adresser le 14 Octobre courant. J'avais d'abord attribué à votre absence la lettre envoyée par M. Lamarre au Gouverneur de Suez, relativement au Tribunal dont relèverait la Compagnie du Canal; mais je vois par vos explications, M. l'Agent, que l'idée de M. Lamarre, au lieu de provenir simplement de votre absence, comme je l'avais d'abord supposé, est le résultat des instructions de la Compagnie, que vous confirmez, d'ailleurs, entièrement.

Dans un tel état de choses, M. l'Agent, je ne manquerais pas, s'il y avait lieu, de combattre la prétention à une convention de la nature de celle dont vous parlez, et de rectifier l'erreur dans laquelle il me semble que la Compagnie est tombée.

Mais je crois que cette prétention se détruit d'elle-même, par le fait de son impossibilité, et qu'il n'y a pas lieu de la discuter.

Je me bornerai donc à constater que le refus de la Compagnie de recevoir par l'entremise des Gouvernorats les pièces judiciaires ou autres, est un fait dont les conséquences, judiciairement parlant, retombent sur la Compagnie.

Quant au Gouvernement, je crois superflu de vous dire que la police exécutera toutes les sentences que tribunaux locaux pourraient prononcer par défaut contre la Compagnie.

Veuillez, &c.
(Signé) NUBAR.

(Translation.)

M. l'Agent, *Cairo, October 28*, 1875.

I HAVE had under my consideration the communication which you did me the honour to address to me on the 14th instant. I had originally attributed to your absence the letter sent by M. Lamarre to the Governor of Suez, relative to the tribunal under whose jurisdiction the Canal Company should be placed, but I perceive from your explanations that M. Lamarre's idea—instead of originating in your absence, as I had at first supposed—is the result of instructions from the Company, which you moreover entirely confirm.

Under these circumstances, M. l'Agent, I should not fail, if necessary, to dispute your theory of an agreement such as that to which you allude, and to correct the mistake into which the Company seems to have fallen.

But I think that such a theory fails of itself from the very fact of its impossibility, and that it is unnecessary to discuss it.

I will confine myself therefore to stating that the refusal of the Company to receive judicial or other documents through the medium of the local authorities is an act of which the consequences will, legally speaking, fall upon the Company.

As far as the Government is concerned I deem it unnecessary to tell you that the police will carry out all sentences which the local tribunals may pronounce in default against the Canal Company.

I have, &c.
(Signed) NUBAR.

No. 174.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 11, 1875.

HER Majesty's Government have had under their consideration your despatch, with its inclosures, dated the 21st ultimo, relative to the jurisdiction under which the Suez Canal Company stands in Egypt; and I now have to state to you that, in the opinion of Her Majesty's Government, the pretension of the Company to be considered a French Company, under the jurisdiction of the French Consulate, is entirely inadmissible, and opposed both to the letter and the spirit of the Contract and Firman which regulate its relations with Egypt. Article XVI of the Convention or Contract of the 22nd of February, 1866, which is textually embodied in the Firman of the 19th of March, 1866, clearly establishes that the Suez Canal Company is Egyptian.

It fixes the exceptional case of suits between members of the Company as subject to French law, and therefore to be tried in France; but it specifies unmistakably that all disputes in Egypt between the Company and the Egyptian Government, or between the Company and individuals, shall be judged by the local tribunals.

The Company appear to set up the argument that, because the word "Treaties" is employed in Article XVI of the Convention, that by "the local tribunals" is meant the French Consulates. Her Majesty's Government cannot, however, admit that this by any means follows.

On the contrary, Her Majesty's Government maintain that any suit between the Suez Canal Company—that is to say, an Egyptian Company—and Europeans, must be tried according to the Treaties which regulate the relations of foreigners with the inhabitants of Egypt. When, in the following clause of the Convention, disputes between the Company and the Egyptian Government are provided for, it is noteworthy that no mention is made of Treaties, but that only the laws of the country are spoken of, because in that case both parties to the suit would be Egyptian.

I have, in conclusion, to acquaint you that Her Majesty's Government approve your proceedings, as reported in your above-mentioned despatch, in having, under the circumstances therein stated, again called the attention of Her Majesty's Consular Officers in Egypt to the instructions which were issued to them in the month of July 1872, with respect to the non-recognition of any jurisdiction which might be claimed by the French Consulate over the Canal Company.

I am, &c.
(Signed) DERBY.

No. 175.

Mr. Plummer, Jun., to the Earl of Derby.—(Received December 20.)

The Newcastle and Gateshead Incorporated Chamber of Commerce,
My Lord, *Newcastle-on-Tyne, December* 16, 1875.

THE various letters I have had the honour of addressing to the Foreign Office on subjects connected with the Suez Canal will show the importance attached by this Chamber to everything that appertains to the development of its traffic; and I am now directed by the Council of this Chamber to assure your Lordship of the very great satisfaction with which they heard that Her Majesty's Government had acquired a direct interest in the Canal by the purchase of the shares hitherto held by the Khedive of Egypt.

This Chamber has for long felt that the trade interests, not only of this kingdom but of all commercial countries likely to be affected by the Canal, were too vast to allow of such an important channel of communication remaining in the hands of a private Company, whose first object is naturally the profit of its shareholders; and with a view of drawing attention to this evil, in the hope that it might be remedied, this Chamber placed the following resolution on the programme of subjects to be discussed at the meeting of the Association of Chambers of Commerce held in this town in September 1874:—

"That, in the opinion of this Association, it is desirable that the Suez Canal should be placed under an International Commission, and that Her Majesty's Government be memorialized, praying them to embrace any opportunity that may arise of carrying this out."

From want of time for discussion, the Resolution was withdrawn, though it is believed it accorded with the unanimous feeling of the meeting.

Although the acquisition of the Khedive's shares by Her Majesty's Government may tend to the protection of British interests, this Chamber would attach a higher value to the transaction were it to afford an opportunity to Her Majesty's Government of facilitating or promoting any scheme for the internationalization of the Canal.

If the Suez Canal was bought up by the countries interested in its trade, in a somewhat similar manner as was adopted in the case of the Sound dues, and if it were placed under the control of an International Commission, as has been done with the Danube, not only would all grounds for national jealousy be removed, but the regulations respecting traffic and the terms of transit might be placed on a permanent and satisfactory basis.

Furthermore, arrangements might be made for the provision of additional capital for the widening and improvement of the Canal, as well as for the gradual redemption of all tolls beyond what might be necessary for its proper working and maintenance.

I have, &c.
(Signed) B. PLUMMER, Jun., *Secretary.*

No. 176.

Lord Tenterden to Mr. Plummer, Jun.

Sir, *Foreign Office, December* 29, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 16th instant, relative to the recent purchase by Her Majesty's Government of the shares of the Khedive in the Suez Canal Company, and expressing the views of the Newcastle and Gateshead Chamber of Commerce with respect to the future management of the Canal.

I am, &c.
(Signed) TENTERDEN.

No. 177.

The Earl of Derby to Major-General Stanton.

Sir, *Foreign Office, December* 29, 1875.

I TRANSMIT to you herewith a copy of a letter from the Newcastle Chamber of Commerce relative to the recent purchase by Her Majesty's Government of the shares held by the Khedive in the Suez Canal Company, and containing suggestions with respect to the future management of the Canal.*

I am, &c.
(Signed) DERBY.

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* No. 175.

APPENDIX.

Correspondence respecting M. de Lesseps' Proposal for Sale of Suez Canal: 1871-72.

No. 1.

Colonel Stanton to Earl Granville.—(*Received January* 9, 1871.)

(Extract.) *Cairo, December* 30, 1870.

I IMAGINE that at the present time, when the prospects of the Suez Canal appear so doubtful, an observation recently made to me by the Khedive on the subject may prove of interest to your Lordship.

His Highness, after alluding to the financial difficulties of the Company, and the apparent impossibility of their being able to meet their engagements, remarked that the only way to ensure the Canal being made really serviceable for general navigation was for an English Company to obtain possession of it, adding that England was undoubtedly the country most interested in keeping it open.

I endeavoured to ascertain from the Khedive what his own views might be as to the future of the Canal, and was told most distinctly by His Highness, that so far from his having any objection to such a contingency, he would gladly see the Canal the property of an English Company, and that in the event of such a company being formed, he would do everything in his power to facilitate the transfer into their hands.

It appears to me, my Lord, that a great opportunity may shortly occur of securing our communications with India by obtaining possession of the Suez Canal, a possession which would in my opinion be attended by most important political advantages to Her Majesty's Government.

No. 2.

*Mr. Hammond to the Secretary to the Admiralty.**

Sir, *Foreign Office, January* 9, 1871.

I AM directed by Earl Granville to transmit to you the accompanying copy of a despatch from Her Majesty's Agent and Consul-General in Egypt, reporting his conversation with the Khedive on the question of the transfer of the Suez Canal to an English Company, and I am to request you will move the Lords of the Admiralty to favour Lord Granville with their opinion thereupon.

I am, &c.

(Signed) E. HAMMOND.

* Similar letters were written to the India Office and Board of Trade.

No. 3.

Mr. Farrer to Mr. Hammond.—(*Received January* 14.)

Sir, *Board of Trade, Whitehall Gardens, January* 13, 1871.

WITH reference to your letter of the 9th instant, on the subject of the Suez Canal, I am directed by the Board of Trade to request you to move the Secretary of State to procure, if practicable, the following information which cannot, as it seems, be obtained in this country, viz. :—

1. The trade of the Canal, month by month, since it was opened; distinguishing the nationality of the vessels; giving the number and tonnage of the ships of each nation which have passed through the Canal in each month.
2. The income of the Canal during the same period, month by month.
3. The present Tariff of dues.
4. The working expenditure since the Canal was opened, month by month; distinguished, as far as possible, from expenditure on the capital account.
5. Estimated sum now required as capital to complete the works.
6. Estimated working expenditure when the Canal is completed.
7. Aggregate capital already expended, distinguishing between share capital and loans, if any.
8. Annual interest payable on loans.

I have, &c.
(Signed) T. H. FARRER.

No. 4.

Earl Granville to Colonel Stanton.

Sir, *Foreign Office, January* 19, 1871.

WITH reference to your despatch of the 30th ultimo, reporting your conversation with the Khedive on the question of the transfer of the Suez Canal to an English company, I have to instruct you to obtain for me, if practicable, the following information, which cannot be obtained in this country :—

1. The trade of the Canal, month by month, since it was opened, distinguishing the nationality of the vessels, giving the number and tonnage of the ships of each nation which have passed through the Canal in each month.
2. The income of the Canal during the same period, month by month.
3. The present Tariff of Dues.
4. The working expenditure since the Canal was opened, month by month, distinguished as far as possible from expenditure on the capital account.
5. Estimated sum now required as capital to complete the works.
6. Estimated working expenditure when the Canal is completed.
7. Aggregate capital already expended, distinguishing between share capital and loans, if any.
8. Annual interest payable on loans.

I am, &c.
(Signed) GRANVILLE.

No. 5.

Mr. Merivale to Mr. Hammond.—(*Received January* 21.)

(Extract.) *India Office, January* 20, 1871.

I AM directed by the Duke of Argyll to acknowledge the receipt of your letter of the 9th instant, inclosing copy of a despatch from Her Majesty's Agent and Consul-General in Egypt, reporting his conversation with the Khedive on the subject of the transfer of the Suez Canal to an English company, and requesting to be favoured with the opinion of the Duke of Argyll on the subject.

In reply I am to state that his Grace is of opinion that there would be advantage to British interests in having the Suez Canal in the hands of English rather than of French capitalists.

The Duke of Argyll understands that it is not the intention of Earl Granville's present communication to elicit from his Grace more than a general expression of opinion upon the subject, but he will be prepared to enter more fully into it, if required, on a future occasion.

No. 6.

Mr. Farrer to Mr. Hammond.—(*Received January* 27.)

(Extract.) *Board of Trade, Whitehall Gardens, January* 26, 1871.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 9th instant, inclosing a despatch from Colonel Stanton on the subject of the Suez Canal, and requesting the opinion of this Board.

In reply, I am to offer the following observations for Lord Granville's consideration:—

It appears to the Board of Trade that, before Her Majesty's Government can form a final opinion on the subject referred to in your letter, they ought to be fully informed on the following points:—

1. What is the present physical condition of the Canal, and what are its capabilities for traffic?

2. To what extent is it used or likely to be used, and especially to what extent is it likely to be used by British trade?

3. What are its financial prospects?

Upon the first of these questions the elaborate Report of Admiral Richards, the Hydrographer, and of Lieutenant-Colonel Clarke, Director of Engineering Works under the Admiralty, dated February 1870, gives a complete account up to that date. The conclusions of that Report are as follows:—

"72. We have thus, in accordance with our instructions, considered in detail the present condition of the Suez Canal and the works to be carried out in connection with it, as well as the probability of its being available for the purposes of Her Majesty's naval and transport services, and have arrived at the conclusion—

"1. That for a certain class of vessels this great work, which must always be a monument of persevering energy and engineering skill, as it now stands is a convenient mode of passage from the Mediterranean to the Red Sea.

"2. That it will be so to a greater extent when the deepening of the shallow parts, the enlargement of the gares, and the widening and improvement of the curves are carried out.

"3. That it is available for the transit of ships employed in the Eastern seas, with the exception of the large iron-clads, and other exceptionally large vessels.

"4. That, for the present type of Indian transports, it is not a desirable route.

"5. Further, we think that the cost of maintenance will not exceed the amount estimated for it when the work was projected.

"73. We would now briefly advert to the prospects of the Canal as the grand highway for the naval and mercantile marine of Europe to the East. The real drawback to the Canal is its narrowness, and we were informed that, except at the parts mentioned previously, it is not the intention of the Company to give it the additional width, the want of which alone prevents its being pronounced a complete success as a permanent navigable route for the largest ships from sea to sea. Had its width at floor been doubled, with a proportionate increase to its surface, it might now have been fairly regarded in that light, and its maintenance would have been comparatively easy, just as a great city thoroughfare is periodically renewed by having one-half of its width blocked up; whereas, by closing one-half of the Canal as it now stands, the other would be impassable to large ships, and some expedient must therefore be resorted to, such as carrying on the repairs by night, or leaving the passage open to ships for certain periods only during the day.

"74. That to increase the width of the Canal would be a perfectly feasible undertaking, the cost of which could be calculated with great accuracy, need scarcely be asserted; it is, however, we understand, very improbable that it will be undertaken by the present Company; and that it may eventually become a national or combined international engagement is a question which, depending as it must do, on political and other considerations, it would be out of place to discuss here."

Since the above Report was made, statements have been furnished to the Hydrographer, showing that the greater part of the special works mentioned in Article 2 of

paragraph 72, quoted above, have been proceeded with, and that the whole of them will be completed in the course of two or three months. The whole of the Canal appears now to have a depth of over 7 mètres (about 22 feet) and it is expected that it will be completed to a depth of 8 mètres (26 feet) throughout in the course of about two months. The width is nowhere less than 26 mètres (92 feet). Lights have been placed at Port Saïd and Suez, and posts for mooring and warping have been erected throughout the Canal.

2. On the second point the Board of Trade have been unable to obtain complete returns of the existing traffic, and have asked the Foreign Office to procure them. The Admiralty and the India Office will no doubt inform the Foreign Office of the value of the Canal as affording a means of transit for ships of war and transports. So far as trade is concerned, the following figures show that the Canal is already used to a large extent by British shipping. They are extracted from Returns furnished by the agents of the Canal in this country to the "Shipping Gazette."

The aggregate number of British ships which passed through the Canal, from the opening on the 17th of November, 1869, to the 8th of October, 1870, was 243, and the aggregate tonnage 222,224 tons;* of these vessels six were sailing ships with a tonnage of 2,550 tons, and 237 steam vessels with a tonnage of 219,694 tons. The largest number which have passed through in one month was 36 steamers in June, 1870, with a tonnage of 32,932 tons. The largest ship (measured by her tonnage) which passed through is the "Jumna," Admiralty transport of 3,001 tons, and the largest merchant ship the "Delaware," of Liverpool, of 2,597 tons. The average tonnage of ships which have passed through is 915 tons. The cargoes of these ships are not given, but it is probable that they were valuable. It is, moreover, notorious that a large number of steamers are being built in this country for the purpose of the trade through the Canal. It seems† probable that the British tonnage which has passed through the Canal is about one-third of the whole. Under these circumstances, although it is impossible without further returns to give complete figures or to compare the proportions in which the Canal is used by British and by foreign trade, there can be no doubt of its great value to the former.

3. As regards the financial prospects of the Company, there is still greater difficulty in obtaining accurate information; but there can be no doubt that the present Company are perfectly insolvent as far as their shareholders are concerned, and it seems† that they cannot pay the debenture-holders.

The aggregate income for a year appears to be about 240,000*l.*, but the Board have no knowledge what the working expenses will be, nor is it possible to form a trustworthy estimate of the probable trade and income. On all these points the Foreign Office have already been asked to procure full information.

At the same time, under the circumstances above stated, there can be no doubt of the following conclusions:—

1. That the Canal will be finished and available for large ships.
2. That it is largely used by British trade, and that its use will probably increase.
3. That its value to the trade generally, and to this country in particular, is such that it ought to be kept open by some means or other.
4. That there is little prospect of its being kept open and of its being well managed if it remains in the hands of the present insolvent Company.

It is suggested in these papers that the Canal might be transferred to an English trading company—without more accurate knowledge of the financial condition of the Canal, and of the character and resources of such a company, it is impossible to foresee the results of such a mode of dealing with it. But the following considerations appear to the Board of Trade to be worthy of attention. On the one hand it would no doubt be an advantage that the Canal should be in English rather than in French or other foreign hands, both because England is more likely to furnish the necessary capital, and because England has the greatest interest in the Canal. On the other hand, serious inconvenience might follow from such a step. The relations between such a company and the English Government; between such a company and the Egyptian Government; and between such a company and foreign maritime nations which use the Canal, would be full of delicacy and difficulty, and might lead to serious international embarrassment. The interest of the company would be to obtain as large a revenue as possible for its shareholders. The interest of trade, British as well as foreign, would be to obtain the advantage of the Canal at the

* See Return from "Shipping Gazette," appended.
† See "Economist" of the 7th of January, 1871.

smallest possible cost. It would be one of those great trading monopolies which, in this country and elsewhere, it has been found so difficult to regulate.

Indeed it may be stated generally that as yet no satisfactory mode has been discovered for reconciling the interests of such a company and its customers. Competition is out of the question; limitation of dividend fails to operate, because, so soon as the maximum dividend is reached the Company have no motive for economy, efficiency, or improvement.

Government supervision gives rise to all the evils of double management, and would be especially difficult in this case.

Further, it is not probable that any such Company could complete and carry on the work without some financial assistance from some European Government, and this relation would add another element of difficulty.

In these and other ways serious questions would probably arise between the Company on the one hand, and traders and different Governments on the other. The English Government would probably be obliged to give some help to, and exercise some supervision over such a Company, and, even if they could abstain from so doing, would be looked upon by foreign nations as responsible for the acts of such a company. They would be called upon by foreign countries to control the action and the charges of the company, and they would very probably be asked by the company to protect them in their dealings with the Egyptian and other foreign Governments. Her Majesty's Government would then be responsible for the acts of a body over which they would have no substantial control, and might be placed in a very embarrassing relation to foreign Governments.

Lastly, it is impossible, in the case of such a company, to forsee who will be its shareholders at any given time, and it is quite possible that the members of a company incorporated in England, and having in the first place a list of English shareholders, might hereafter so deal with their shares as to become substantially a foreign company.

With these contingencies in view it must be admitted that there are considerable objections to encouraging the transfer of the Canal to an English company. As an instance in which similar difficulties have actually been experienced, the Board desire to refer to the case of the Turkish lights and light dues, which has been the subject of so much correspondence. In that case, as Lord Granville is aware, a French Joint-Stock Company obtained from the Porte, through the influence of the French Government, a concession of the lights on the coast of the Turkish Empire, with the power of levying certain fixed dues on all ships entering Turkish ports for a given period. This concession was made without any of the conditions which the experience of the Board of Trade had suggested as necessary in such a case. It has been found impossible to interfere with the dues so conceded, or even to obtain from the Company any accounts of their receipt and expenditure. It is believed that the receipts are out of all proportion to the expenditure, and whether this is the fact or not, it is naturally suspected to be so, and the Company are consequently the objects of discontent and jealousy.

Again in this country it has been found that in undertakings of this description, where the necessity for enormous capital and the possession of land in specially favoured situations create a virtual monopoly, the principle of leaving them to private joint-stock enterprise is not final or satisfactory. For instance, many, if not all, of the great harbours in this country have been placed in the hands of public trusts, representing the ratepayers. Gas and Water Companies are year by year in the course of being transferred from the private Companies which originated them to the governing bodies of the towns. Telegraphs have been purchased by the Government; and, even in the case of railways, there is an increasing demand for Government interference. The experience of these and similar cases leads to the inference that, even if the Canal is for the present placed in the hands of a trading company, it may in the end be found necessary to place it in the hands of some Government or public trust; and, if so, it appears well worthy of consideration whether an attempt should not be made to do it at once.

The case would of course present special circumstances, and special difficulties. It would be impossible, as is done in the case of local harbours, to create a body which should represent the ratepayers. And it is to be presumed that there are strong reasons, financial and otherwise, against placing it in the hands of the Government of the country in which it is situated. But there happens to be a case, well known to Lord Granville, which may be thought to afford a valuable precedent.

The mouths of the Danube were in 1856 in a somewhat similar predicament

There was a natural navigation which only needed improvement to become the channel of a large trade between different European countries. The local Government was unable to undertake these improvements; and the rivalries and jealousies of the different nations interested were formidable obstacles to the undertaking. These difficulties were however, as Lord Granville is aware, surmounted by placing the whole undertaking in the hands of an European Commision, consisting of representatives of the various Powers.

That commission has carried on its labours with signal success, owing chiefly to the energy and ability of the English Representative, and the result is that an enormous trade has been developed, two-thirds of which are British, and of which one-third is carried in British ships.

In that case, moreover, difficulties were found in raising the requisite funds for completing the work, and so important did the case seem to Her Majesty's Government that they prevailed upon the other Powers to join, and upon Parliament to authorize them in joining in a guarantee of a loan of a large sum of money required by the commission, which is now being expended by them in completing the permanent works, and which will no doubt be easily paid out of the rapidly increasing revenue.

It may therefore be well deserving of consideration by Her Majesty's Government whether an effort should not be made to establish some similar system of management for the Suez Canal. If this can be done it will probably have the effect of maintaining the Canal in an efficient state; of avoiding international jealousies, and of neutralising the trade carried through it, whilst, as in the case of the Danube, the English representative or representatives, if properly selected, will probably have the chief voice in the matter.

What should be the constitution of such a commission—what powers should be entrusted to it—what financial assistance it may require, are matters which it is now premature to discuss. If this suggestion should be deemed worthy of consideration by Her Majesty's Government, these considerations may be discussed when the further information, already asked for, has been obtained from Egypt.

Inclosure in No. 6.

STATEMENT showing the passage of English Tonnage through the Suez Canal, from the opening, on the 17th November, 1869, to the 6th of October, 1870.

Date.	Sailing.		Steam.		Total.	
	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.
1869.						
November	2	602	10	4,222	12	4,824
December	..	..	9	5,984	9	5,984
1870.						
January	..	..	12	6,767	12	6,767
February	..	..	15	13,059	15	13,059
March	..	..	35	33,692	35	33,692
April	1	368	18	14,176	19	14,544
May	..	..	24	26,737	24	26,737
June	..	..	36	32,932	36	32,932
July	1	346	23	24,885	24	25,231
August	1	617	26	26,334	27	26,951
September	1	617	21	23,770	22	24,387
October	..	..	8	7,136	8	7,136
	6	2,550	237	219,694	243	222,244

	Ships.	Tonnage.
Sailing	6	2,550
Steam	237	219,694
Total	243	222,244

No. 7.

Viscount Enfield to Colonel Stanton.

Sir, *Foreign Office, January* 27, 1871.

I AM directed by Earl Granville to acquaint you that the Lords of Trade are desirous of obtaining information upon the following points in regard to the Suez Canal, viz.:

1st. The income to the present time month by month, showing on what ships it has been levied and on what trades the vessels have been engaged.

2nd. The working expenditure since the Canal has been opened, month by month.

3rd. The present state of the capital account, showing the whole sums expended, and the mode in which it has been raised, whether by subscription shares, or otherwise, or by loan, with the amount of interest now payable and paid on any loan.

4th. The amount estimated as necessary to complete the work so as to put it into good working order for the traffic which appears disposed to resort to it.

I am accordingly to desire that you will use your best endeavours to procure the desired information, or if you are unable to obtain some of the particulars, that you will state, if possible, from what source they are likely to be procured.

I am, &c.

(Signed) ENFIELD.

No. 8.

Mr. Hammond to the Secretary to the Admiralty.

Sir, *Foreign Office, February* 8, 1871.

WITH reference to my letter of the 9th ultimo, respecting the transfer of the Suez Canal to an English company, I am directed by Earl Granville to transmit to you, to be laid before the Lords Commissioners of the Admiralty, the accompanying letter from the Board of Trade, containing observations on that subject, and I am to request that you will move their Lordships, after perusal, to return the Board of Trade letter to this Office, in order that it may be referred to the India Office.

I am, &c.

(Signed) E. HAMMOND.

No. 9.

Colonel Stanton to Earl Granville.—(Received March 18.)

My Lord, *Cairo, March* 9, 1871.

IN compliance with the instructions contained in your Lordship's despatch of the 19th of January, I have the honour to submit the following remarks as to the position of the Suez Canal, accompanied by tabular statements, showing the traffic through the Canal from the 1st of January, 1870, to the 31st of January, 1871, and the income of the Canal during the year 1870. These tables have been compiled from the monthly returns of the Company, and from information that has been supplied me from private sources, and may, I think, be depended upon, though I am unable to guarantee the exactitude of the return of the income, which could only be procured by an examination of the Company's books.

The trade of the Canal, month by month, since the 1st of January, 1870, is shown in the Tabular Statement No. 1, the numbers, nationalities, and tonnage of the vessels that have passed through the Canal being also designated, month by month, and your Lordship will perceive from this return that the proportion of British tonnage that has passed through the Canal during the period specified amounts to 64·73 per cent. of the total traffic; but it should be remarked that this proportion has been considerably affected by the Austrian and Turkish vessels employed during the months of December 1870 and January 1871, in conveying Ottoman troops to the Yemen, and consequently can hardly be considered as a fair statement of the relative importance of the British tonnage passing through the Canal.

The information called for in the second point of your Lordship's inquiry is given

in the accompanying Tabular Statement, which shows the income of the Canal, month by month, during the year 1870, as well as the heads from which it is derived.

The present Tariff of dues is as follows:—

1. The Canal dues proper, of 10 fr. or 8*s*. per ton, which are charged on the register tonnage of all vessels, exception being made only in favour of vessels bringing coals to Suez and returning in ballast, on which Canal dues are not levied on the return voyage, and a charge of 10 fr. or 8*s*. per head for adult passengers, the usual allowance being made for children.

2. *Pilotage.*—All vessels of over 100 tons register, have to take a pilot, who is paid according to the draught of the vessel, on the following scale, namely:—

Vessels drawing less than 3 mètres, or 9 ft. 10 in., at the rate of 5 fr. per décimètre, about 1*s*. 0¼*d*. per inch of draught.

Vessels drawing from 3 mètres to 4·50 mètres (14 ft. 9 in.), at the rate of 10 fr. per décimètre, about 2*s*. 0¼*d*. per inch of draught.

Vessels drawing from 4·50 mètres to 6 mètres (19 ft. 9 in.), at the rate of 15 fr. per décimètre, about 3*s*. 0½*d*. per inch of draught.

Vessels drawing from 6 mètres to 7·50 mètres (24 ft. 7 in.) at the rate of 20 fr. per décimètre, or about 4*s*. 1*d*. per inch of draught.

In addition to the above charges for pilotage, there is a charge of 20 fr. (16*s*.) per day for every day the pilot is retained on board in case of berthing ("stationnement").

Vessels towed through the Canal are allowed a reduction of 25 per cent. on these pilotage charges.

3. *Towage and Wharfage.*—All vessels, whether steamers or sailing-vessels, when towed, are charged at the rate of 2 fr. (1*s*. 8*d*.) per ton for such assistance, which, in the case of sailing-vessels, is compulsory.

Vessels are allowed to remain at Port Saïd, in the Lake Timsah, and off the embankment at the Suez entrance of the Canal, for a period of twenty days, at a charge of 2 centimes per ton per diem, commencing at the expiration of the first twenty-four hours, for which no charge is made.

I regret it is out of my power to give your Lordship any positive information as to the working expenditure of the Canal. I have absolutely no data to guide me in forming an opinion on this head, though it is currently reported that the working expenses, including such dredging as has been required for completing the Canal to the proper depth and its enlargement at some of the curves, have amounted to 300,000 fr., or 12,000*l*. per month; nor could I pretend to give an estimate of the amount required to complete the works, as it appears to be still an open question as to what is really required under this head, and no carefully prepared estimate for such works has, as far as I am aware, been drawn up.

With regard to the seventh point on which your Lordship has called for information, the following Statement shows the aggregate capital already expended on the Canal, distinguishing between share-capital and that derived from other sources, namely:—

	Fr.	£
Shares—400,000 at 500 fr. each	200,000,000	= 8,000,000
Paid by Egyptian Government—		
Amount of Emperor's award..	84,000,000	3,760,000
Purchase of the property of the Canal Company.. ..	10,000,000	
Loans—		
First issue of Debentures	100,000,000	4,000,000
Second issue "Délégations"	33,000,000	1,320,000
Total		17,080,000

The debentures on which interest is payable at the rate of 5 per cent. were issued by means of a lottery, and are to be redeemed in fifty years by quarterly drawings with prizes; it is computed that it will require about 400,000*l*. a-year to meet the engagements under which they were issued.

The interest payable on the délégations is fixed at the rate of 10 per cent., the security offered being the prospective dividend on the 176,000 Canal shares held by the Khedive, who has signed a release for such dividend in favour of the Company; the délégations were issued at 270 fr., and are redeemable in twenty-five years at 500 fr. "si le bénéfice à revenir aux actions le permet," failing which they will receive no dividend nor be refunded, and their holders may, consequently, be considered as holding much the same position as the original shareholders.

It would therefore appear from this statement that, until the Company can realize the sum of 400,000*l*. a-year net, after payment of all working expenses, to

enable them to meet their engagements with the debenture-holders, they may be considered as verging on bankruptcy and liable at any time to be declared insolvent, when the holders of shares and délégations would alike be sacrificed.

I have in this Report confined myself to the endeavour to furnish your Lordship with the information called for on the several points specified without entering on the question of the political importance that may be attached to the maintenance of the Canal or the serious losses that would be inflicted on British commerce by its sudden obstruction when the tide of our trade by this route has become more fully developed.

I have, &c.
(Signed) EDWD. STANTON.

Inclosure 1 in No. 9.

STATEMENT of the Trade of the Suez Canal from the 1st of January, 1870, to the 31st of January, 1871, showing the Number and Tonnage of the Ships of each Nation which have passed through the Canal in each Month.

Month.	British.		French.		Egyptian.		Austrian.		Turkish.		Italian.		Russian.		Of different Nations.			Monthly Totals.	
	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.		No.	Tonnage.
1870.																			
January	13	8,106·58	3	2,218·77	..	..	..	..	..	..	..	..	..	..	..	..		16	10,325·35
February	19	13,318·95	3	2,880	4	1,400	2	1,400	..	..	..	..	..	..	1	150	Spanish ..	29	19,148·95
March	36	34,260·38	7	6,534·43	5	4,064	2	1,453	..	..	1	340	1	480·6	..	..		52	47,132·41
April	19	14,552·43	6	5,702·1	5	4,061	2	1,471	2	1,863·66	..	..	1	486·6	1	150	Spanish ..	36	28,286·7
May	27	27,575·81	8	7,429·67	..	..	1	733	1	1,113·66	3	1,408·81	..	..	..	..		40	38,260·95
June	33	29,280·7	8	10,363	3	1,788	2	1,476	1	342·65	2	1,471·2	..	..	1	432	Spanish ..	50	45,152·92
July	24	24,597·95	7	7,198·4	4	2,491	2	1,466	..	..	..	..	..	..	2	1,041·62	1 Danish .. / 1 Zanzibar ..	39	36,794·97
August	27	26,832·86	8	8,897·5	3	1,963	1	738	..	..	..	..	..	..	3	517·64	1 Greek .. / 1 American . / 1 Dutch ..	42	38,949
September	22	24,395·99	8	9,408·47	..	..	1	733	..	..	1	806	..	..	..	..		32	35,343·46
October	31	29,844·25	6	10,481·61	..	..	1	684	..	..	..	..	..	..	1	371·34	Portuguese .	39	41,381·2
November	31	26,344·2	5	6,887·14	1	850	5	3,792·8	..	..	1	763·54	..	..	..	..		43	38,637·68
December	39	31,904·88	5	7,772·57	6	3,999	7	6,102·78	12	7,334·36	1	508	..	..	1	150	Dutch ..	71	57,771·59
1871.																			
January	39	33,155·27	7	7,001·85	3	4,650	14	9,219·64	4	2,873·21	3	2,007·87	..	..	4	4,756·79	2 Belgian .. / 1 American . / 1 Spanish ..	74	63,664·63
Total for the 13 months..	360	324,169·62	81	92,775·42	34	25,266	40	29,269·22	20	13,527·54	12	7,305·42	2	967·2	14	7,569·39		563	500,849·81
Percentage of total tonnage for each nation ..	..	64·73	..	18·53	..	5·04	..	5·84	..	2·71	..	1·45	..	·19	..	1·51		..	..

N.B.—In the months of December, 1870, and January, 1871, several Austrian vessels were chartered by the Turkish Government for the conveyance of troops to the Yêmen.

Inclosure 2 in No. 9.

TABLE showing the Income of the Suez Canal month by month since the 1st of January to the 31st of December, 1870, and indicating the source whence derived.

Month.	Amount received on Tonnage of Ships.	Amount received from Barges, Lighters, &c.	Amount received from Passengers.	Additional Charges.			Total in Francs.	Total in Sterling.
				Tonnage.	Wharfage.	Pilotage.		
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	£ s. d.
January	96,348 35	3,327 90	1,460 00	938 75	...	8,747 25	110,818 25	4,432 14 8
February ...	190,097 55	8,552 85	2,925 00	3,006 86	25 84	15,629 43	220,237 53	8,809 9 11
March	477,935 20	9,061 25	24,980 00	6,442 50	36 30	39,807 22	558,262 47	22,330 9 6
April	269,268 30	7,930 55	33,882 50	5,998 61	1,742 47	24,036 03	342,858 74	13,714 6 10
May	382,699 50	8,917 25	13,710 00	9,268 00	347 40	32,319 63	447,261 78	17,890 9 5
June	451,662 13	9,409 90	18,425 00	14,199 21	2,323 55	36,609 75	532,629 54	21,305 3 7
July	372,952 79	7,587 20	6,820 00	16,245 68	3,195 54	33,078 50	439,879 71	17,595 3 3
August	392,790 10	13,510 20	7,915 00	12,984 07	3,058 27	33,281 62	463,539 26	18,541 11 5
September ...	352,269 60	10,007 20	11,290 00	13,497 43	1,668 64	28,416 88	417,131 75	16,685 5 4
October	403,094 65	23,020 94	6,475 00	21,740 35	3,866 70	36,641 50	494,839 14	19,793 11 2
November ...	374,706 66	19,077 45	23,550 00	14,351 71	6,892 79	36,915 68	475,494 29	19,919 15 5
December ...	575,228 64	20,719 20	112,120 00	21,547 54	1,857 12	50,701 60	782,174 10	31,286 19 2
Total—Francs .	4,339,053 47	141,121 89	263,552 50	140,198 71	25,014 62	376,185 37	5,285,126 56	...
„ Sterling	£ s. d. 173,562 2 8	£ s. d. 5,644 17 5	£ s. d. 10,542 2 0	£ s. d. 5,607 18 0	£ s. d. 1,000 11 9	£ d. s. 15,047 8 3	...	£ s. d. 211,405 0 1

No. 10.

Mr. Hammond to Mr. Farrer.

Sir, *Foreign Office, March* 21, 1871.

I AM directed by Earl Granville to transmit to you, to be laid before the Board of Trade, the accompanying copy of a despatch, with its inclosures, from Her Majesty's Agent and Consul-General in Egypt,* containing replies to the inquiries contained in your letter of the 13th of January last on the subject of the Suez Canal.

I am, &c.
(Signed) E. HAMMOND.

No. 11.

Colonel Stanton to Earl Granville.—(Received March 27.)

My Lord, *Cairo, March* 15, 1871.

WITH reference to your Lordship's despatch of the 27th of January, acquainting me that the Lords of Trade are desirous of obtaining information upon certain points in regard to the Suez Canal, and instructing me to endeavour to procure the desired information, or, if unable to obtain some of the particulars, to state if possible from what source they are likely to be procured, I have the honour to submit the following remarks:—

The greater part of the information called for in the first query of this despatch has been furnished in my dispatch of the 9th instant, in reply to the queries contained in your Lordship's despatch of the 19th of January, and the accompanying return showing the trades on which the vessels that have passed through the Canal have been engaged, will complete, as far as I am able to do, the information called for.

The working expenditure since the Canal has been opened cannot be calculated without a very careful inspection of the books of the Company, which I have not myself had an opportunity of seeing, and it is difficult to say in what manner this information can be procured in a reliable form.

The present state of the capital account of the Canal Company is also set forth in my despatch above mentioned, shewing the manner in which it has been raised, and the amount of interest payable on the loans that has been contracted, and though I am unable to state positively that the whole amount has been expended, it is only reasonable to suppose a second loan would not have been resorted to had not the whole of the funds previously raised by the Company been expended.

The question as to the amount required to complete the work, so as to put it into good working order for the traffic, which appears disposed to resort to it, is one on which much difference of opinion exists, and on which I am not competent to give reliable opinion, especially as, at the present moment, it does not appear decided what

* No. 9.

nature or amount of work is actually required for this purpose. I may, however, mention to your Lordship that the Canal has recently been carefully examined by Mr. John Fowler, C.E., who has, I believe, procured sufficient data on which to found an estimate for this service, and I have reason to believe Mr. Fowler will shortly be prepared to furnish your Lordship with a reliable opinion on this question.

I have, &c.

(Signed) EDWD. STANTON.

Inclosure in No. 11.

TABLE showing the Trade of every Nation through the Suez Canal from January 1, 1870, to January 31, 1871. Vessels of War and Transports not being included in this List.

Nations.	East Indies.		China and Japan.	Red Sea and Persian Gulf.			Australia, Philippine Islands, Java, &c.
	General.	Coal.		General.	Coal.	Cable.	
British	224	8	62	19	12	5	7
French	18	..	35	6	5	..	..
Austrian	25	..	..	14	4	..	..
Egyptian	..	..	..	12	3	..	..
Turkish	..	..	..	13	..	..	..
Italian	7	..	..	..	2	..	..
Spanish	2	..	..	..	..	..	2
Belgian	1	..	..	..	..	..	..
American	..	..	1	..	..	..	..
Russian	..	..	..	2	..	..	..
Dutch	..	..	..	..	..	..	1
Danish	..	..	1	..	..	..	..
Portuguese	..	..	1	..	..	..	..
Greek	..	..	..	1	..	..	..
	277	8		67	26	5	
Total	285		100	98			10

No. 12.

Mr. Farrer to Mr. Hammond.—(Received March 30.)

Sir, *Board of Trade, Whitehall Gardens, March 29, 1871.*

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 20th instant, transmitting copy of despatch, with its inclosures, from Her Majesty's Agent and Consul-General in Egypt, containing replies to the inquiries in my letter of the 13th January last, on the subject of the Suez Canal; and in reply I am again to call attention to the facts and arguments contained in the Board of Trade's letter to the Foreign Office of the 26th January last, and to offer the following additional observations.

It appears from the replies now received that the income for the first year was about 211,000*l.*; and making allowance for the smaller receipts in the first two months of the year, a period too soon after the opening of the Canal to give anything like a fair average, the income of the year may fairly be estimated at about 250,000*l.* A considerable increase in this income may also fairly be anticipated.

Colonel Stanton states that he possesses no data which would enable him to give any positive information as to the working expenditure of the Canal, but adds that it is currently reported that the working expenses have amounted to 12,000*l.* per month, or 144,000*l.* per annum.

Assuming the accuracy of the statement, a balance of about 100,000*l.* would remain for the remuneration of the investors.

The money invested appears to be 17,080,000*l.*, and it further appears that, to meet their engagements with the debenture holders, the Company must, after paying all working expenses, realize the sum of 400,000*l.* a-year net. After this is paid, and not till then, will there be anything to meet the claims of the shareholders.

From these statements, therefore, it is obvious that the Canal may be expected to

pay its working expenses; but that it will pay nothing to the shareholders, and a portion only of its liabilities to creditors.

The Company is accordingly, as remarked by Colonel Stanton, on the verge of bankruptcy, and a change of administration is clearly desirable.

It is at the same time to be remarked that British trade and shipping is deeply interested in the success of the Canal.

From the tabular statement accompanying Colonel Stanton's despatch, it seems that in the year 1870, 563 ships, representing an aggregate tonnage of 500,000 tons, passed through the Canal, and that out of that number, no less than 360 of 324,000 tons (or about 64 per cent.) were British, most of them being valuable ships carrying valuable cargoes.

With these additional facts before them, the Board of Trade are more than ever disposed to urge upon Her Majesty's Government the serious consideration of the points raised in my letter of the 26th January.

And they would suggest that, at any rate, some further inquiry should be made.

If such a step were determined on, it might be desirable to commission some person of experience and judgment to proceed to the spot again and report upon the state of the Canal.

Such a report should embrace the present physical, financial, and political aspects of the enterprise.

I have, &c.
(Signed) T. H. FARRER.

No. 13.

Sir D. Lange to Earl Granville.—(*Received April* 3.)

My Lord, 21, *Regent Street, London, April* 3, 1871.

AN important question has been raised in this country relative to the future destinies of the Suez Canal, viz., whether it is to remain in the hands of French management or to be placed under British control.

In a matter of such vital concern to England, I think it right to communicate the following information to your Lordship, in order that I may ascertain your views, should your Lordship desire to convey them to me.

Within the last fortnight the Suez Canal has been definitely completed. The bends have undergone the needed improvements, and the originally intended depth of 26 English feet has been obtained throughout, so that the largest ships can now pass without difficulty.

No further capital is therefore required for completing this work, but at the next general meeting of the Company, to be held on the 29th instant, on M. de Lesseps' return from Egypt, the financial position will necessarily be discussed, and it remains to be seen whether a further appeal to the national feelings of the French shareholders, which proved so eminently successful in raising the original capital, may be equally so when their patriotism is again invoked for the purpose of submitting to further pecuniary sacrifices, rather than assent to the alternative of British assistance and control in the future management of the Suez Canal.

Taking into account the altered state of feeling in France, produced by recent events in that country, I doubt whether it will be favourable to the success of such an appeal, and the question may arise whether a well-defined financial proposal emanating from England would not be opportune, and even acceptable, to the shareholders then, provided it be done with discretion and caution. Any misdirected action in this matter will be utilized for a purpose the reverse of what was intended; and until I have ascertained M. de Lesseps real views, and am assured of his unreserved co-operation and perfect sincerity, I believe it will be safer not to encourage any such steps for the present.

Unless forced by necessity, I believe that M. de Lesseps will endeavour to retain the Suez Canal under French control. His views and mine in this matter may differ, but on this point only. We have worked together to unite the two seas; he "for the glory of France," I for the "interest of England." The separate objects for which we laboured in common have been realized, and I trust we shall remain united to the end. Nevertheless, I cannot but feel that the future control of the highway to India, and the effectual security for the maintenance of the Canal, form subjects of most legitimate

interest to England. The question is too important as a national one to admit of private considerations or personal preoccupations.

The British interests indirectly involved greatly exceed the cost of the work itself, and, without entering into other considerations, it seems to me most desirable that the Suez Canal should become, by just means, subject to the control of this country.

I thought that my task was ended. I find I have another most difficult one to accomplish, and must trust to your Lordship's guidance in this matter, as well as support, should your Lordship approve of the course I propose to pursue.

I have, &c.

(Signed) DANIEL A. LANGE,

English Director of the Suez Canal Company.

No. 14.

Mr. Hammond to the Secretary to the Admiralty.

Sir, *Foreign Office, April* 3, 1871.

I AM directed by Earl Granville to transmit to you the accompanying letter from the Board of Trade* containing observations on the information contained in Colonel Stanton's reply to the inquiries contained in their previous letter of the 26th of January last, respecting the position of the Suez Canal Company, and I am to request you will move the Lords Commissioners of the Admiralty to favour Lord Granville with any observations they may have to offer on the accompanying papers, as well as on the Board of Trade letter referred to you in my letter of the 8th of February last.

I am, &c.

(Signed) E. HAMMOND.

No. 15.

Viscount Enfield to Sir D. Lange.

Sir, *Foreign Office, April* 6, 1871.

I AM directed by Earl Granville to acknowledge with thanks your letter of the 3rd instant, relative to the future management of the Suez Canal, and I am to add that Lord Granville will be glad to receive any further information you may be able to give on the subject.

I am, &c.

(Signed) ENFIELD.

No. 16.

Sir D. Lange to Earl Granville.—(Received April 19.)

My Lord, 21, *Regent Street, London, April* 18, 1871.

IN compliance with your Lordship's wishes expressed in your letter of the 6th instant, I have great pleasure in communicating further information with reference to its contents.

M. de Lesseps is now in London with the object of raising a loan in this country for the sum of 600,000*l.*, in order to liquidate arrears of dividends to the bondholders of the Suez Canal, giving as guarantee, the revenues of the Company; but when I pointed out to him that these revenues were already pledged to the bondholders, and that their sanction would be required to give a preference claim to the lenders of the 600,000*l.*, it was arranged that he would endeavour to obtain it at his next meeting at Versailles or Orleans, should Paris continue to remain in its present disturbed state.

Meanwhile, I considered the occasion opportune to urge for the first time, the expediency of adopting a bolder course and one likely to be permanent in its results, and not exposed to the necessity of further makeshifts, such as temporary loans, which would merely serve to stave off an evil for the time being.

I alluded to the desirability of frankly placing before the share and bondholders the alternative of no dividends, or British assistance and entire management, in which

* No. 12.

M. de Lesseps would, of course, retain his present position as President in France, without the anxiety and uncertainty of not being able periodically to raise funds necessary for the future maintenance of the Suez Canal, and to satisfy the claims upon it.

M. de Lesseps recoiled with aversion from this proposition, and declared that he never would be a party to the transfer of the management of the Canal into other than French hands, and trusts to the introduction of a few English Directors on the French Board, who would share the responsibility, to strengthen and uphold its present management in France, and which would defeat the object sought to be obtained; at the same time give an appearance of influence without its actual possession.

I was not unprepared for the attitude taken by my friend M. de Lesseps, and which was but natural, considering his nationality, and other circumstances connected with the obstacles raised towards the completion of the Suez Canal in this country, and which I myself combatted to the best of my powers at the time. On the other hand I conceived it to be equally my duty to disabuse his mind, at the present juncture of affairs, from any sanguine hopes, based upon an exaggerated confidence in the continued existence of the present fragile tenure of the Canal, which might at any moment break down for want of funds, and leave the management in the hands of persons to whom it was never intended to confide it.

I, therefore, pointed out to him, that on his return to France, he might possibly have to confront a turbulent element at his next general meeting of shareholders, clamouring for the payment of their just claims, and this without any admixture of national or patriotic feeling to which, in former times, he could successfully appeal for further postponement of them. That with the example before them of what a commune in France has done, he might unexpectedly discover a similar element amongst the body of bondholders, whose dissatisfaction has been loudly expressed already with reference to Canal affairs. Liquidation was already freely discussed in the French papers, and English future management mentioned as a probable eventuality.

Moreover, the circumstance should not be made light of, that the bondholders are perfectly aware of their legal rights to enter into possession of the Canal and claim its revenues, in the event of their dividends remaining unpaid, and whose power to retain or depose M. de Lesseps himself at their will and pleasure, are facts for which, I suggested to him, he ought to be fully prepared.

Then again another most serious contingency presents itself. It is not only the uncertainty as to the hands into which the management of the Suez Canal would in the above case eventually fall, and the incompetence of those persons to maintain it efficiently—in itself a most important matter to the commerce of this country, so largely interested in its maintenance; but another consideration equally vital to British interests would present itself, viz.: whether in such hands, other than commercial uses might not be made of the Canal and of a more political tendency. The circumstances may not be known to your Lordship, but M. de Lesseps is fully aware of the fact that not many weeks since the Khedive of Egypt intended erecting fortifications on the site of the very lands at Port Saïd for which I have nearly concluded negotiations with the British Admiralty. This project was suggested to His Highness by one of the American Engineers now in the service of the Egyptian Government, and rails had actually been laid down for the purpose of conveying the materials necessary for the construction of the intended forts. The fact of this point, which commands the entrance of the Canal, being under negotiation with the British Admiralty, prevented the scheme from being further proceeded with, and the rails were taken up.

I merely adduced this circumstance to show how necessary it is that the management of the Canal should not be permitted to fall into the hands of persons who, unlike M. de Lesseps, would not have prevented the erection of these forts, for the reasons stated above.

After these explanations, I was pleased to perceive that M. de Lesseps proceeded to take a calmer and more dispassionate view of my proposition, and I am in hopes that, after maturer consideration, he may ultimately see the expediency of co-operating with me in carrying it out.

He leaves on Thursday for France, and will inform me how he has succeeded with the share and bondholders. Meanwhile, our constant discussions on the subject may not be without important results to the country.

I have, &c.

(Signed) DANIEL A. LANGE.

No. 17.

Mr. Hammond to the Secretary to the Admiralty.

Sir, *Foreign Office, April* 27, 1871.

I AM directed by Earl Granville to transmit to you to be laid before the Lords Commissioners of the Admiralty, the accompanying copy of a letter from Sir D. Lange,* containing observations on the subject of the Suez Canal, and as Sir D. Lange therein refers to some negotiations which he has nearly concluded with the Admiralty in regard to certain lands at Port Saïd, Lord Granville would be glad to be favoured with any observations on the answer, of which a draft is inclosed, which he proposes to return to Sir D. Lange's communication.

I am, &c.
(Signed) E. HAMMOND.

No. 18.

The Secretary to the Admiralty to Mr. Hammond.—(Received May 3.)

Sir, *Admiralty, May* 2, 1871.

IN returning the accompanying papers respecting the position of the Suez Canal Company, which were forwarded with your letter of the 3rd ultimo, I am commanded by the Lords Commissioners of the Admiralty to request that you will convey to Earl Granville the expression of their obligation to him for the transmission of those documents, which have received their most careful attention.

2. I am at the same time to add that, as my Lords do not gather from the present or previous communications they have received from the Foreign Office, that it is proposed by Her Majesty's Government to take any immediate action bearing on the future of the Maritime Canal, they refrain for the present from offering any observations on the question of the general policy involved in this correspondence.

I am, &c.
(Signed) G. SHAW LEFEVRE.

No. 19.

The Secretary to the Admiralty to Lord Tenterden.—(Received May 4.)

Sir, *Admiralty, May* 3, 1871.

IN reply to your letter of the 27th ultimo, I am commanded by my Lords Commissioners of the Admiralty to request you will inform the Secretary of State for Foreign Affairs that they concur in the answer proposed to be sent to Sir D. Lange, to the effect that Her Majesty's Government are not prepared to give any opinion in regard to his negotiations with M. de Lesseps on the subject of the Suez Canal.

I am, &c.
(Signed) VERNON LUSHINGTON.

No. 20.

Mr. Hammond to Sir D. Lange.

Sir, *Foreign Office, May* 4, 1871.

I AM directed by Earl Granville to acknowledge with thanks your letter of the 18th ultimo, containing further information on the subject of the Suez Canal and your communications with M. de Lesseps, and in reply I am to acquaint you that He Majesty's Government are not prepared to give any opinion on the matter.

I am, &c.
(Signed) E. HAMMOND.

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* No. 16.

No. 21.

Sir D. Lange to Earl Granville.—(Received June 23.)

My Lord, 21, *Regent Street, London, June* 19, 1871.

I AM not aware whether it has any interest to your Lordship to be made acquainted with the following circumstances relating to the Suez Canal, of which the next general meeting of shareholders is fixed for the 30th of July next, in Paris, and which I purpose to attend as usual.

The Chamber of Commerce of Lower Austria have complained that the Suez Canal dues of 10 francs per registered ton press more heavily on ships of Austrian and Italian nationality than on British ships, adding—

"L'Angleterre est loin de les exprimer [*sic*], et en voici la raison : Les droits de passage sur le Canal sont perçus sur le tonnage officiel (net register tonnage) ; les navires Anglais traversent le Canal avec des cargaisons qui dépassent de beaucoup le tonnage officiel [which is perfectly true], tandis qu'en général la marine Autrichienne et Italienne n'ont encore que des chargements au-dessous de ce tonnage.

"Obtenir une diminution n'est pas chose facile. Il ne reste donc d'autre moyen que l'acquisition.

"Le Sieur Bixio ayant exprimé la même idée à la Chambre Italienne, il paraît que la Chambre de Commerce de Vienne, forte de cet appui, croît le moment opportun pour renouveler ses demarches auprès du Gouvernement Impérial et de prier de se faire auprès des autres Etats le promoteur de l'acquisition."

I merely adduce this circumstance to show what wrangling would ensue if the management of the affairs of the Suez Canal were at any time to merge into a partnership or joint concern with foreign Powers, and the sheer impossibility of establishing any regulations for the payment of tolls which would satisfy all parties, if all parties had a voice in the management.

The remedy sought by this joint action would not improve matters, seeing that the toll levied must remain the same for all nations as it is at present (as per rules inclosed), which are, and can be enforced by the Suez Canal Company, whereas this could not be done without the consent of all the Powers, assuming the Austrian plan to be attempted, and before this joint consent were obtained there would be great delay and probably serious differences of opinion, as every country would endeavour to make the best terms for its own commerce, and of which the proceedings in the Chamber of Commerce in Lower Austria have already sounded a warning note, and although premature, is not without significance. I am now stating my own individual opinion only in reference to this matter. Should any transfer of management take place, I certainly think, in order to work harmoniously, it ought to be concentrated and directed by England alone.

I have, &c.

(Signed) DANIEL A. LANGE.

No. 22.

Sir D. Lange to Earl Granville.—(Received June 23.)

My Lord, 21, *Regent Street, London, June* 21, 1871.

IN my letter of the 18th April I informed your Lordship respecting the plan I urged upon M. de Lesseps to pursue, relative to the future management of the Suez Canal, with a view to his co-operation with me in this matter, and which, after considerable reluctance on his part, I have at length prevailed upon him to consent to.

After alluding to his present efforts in Paris to raise a sum of money required to pay off the interest due to the bondholders, M. de Lesseps goes on to say :—"D'un autre côté un Gouvernement étranger m'a fait des ouvertures pour savoir si je serais disposé personnellement à parler à l'assemblée générale de l'éventualité de l'achat du Canal par les Puissances Maritimes, et à quelles conditions je consentirai à mettre cette question sur le tapis.

"J'ai répondu que je ne me chargerai de soumettre cette question à une assemblée générale que sur la base d'un rachat au prix de 12 millions sterling, en ajoutant à ce capital la charge de la part de l'acheteur de désintéresser les obligataires, soit par le remboursement de leur prêt, soit par le service de leurs coupons d'obligations. Ce

service est de 10 millions de francs par an pendant 50 ans. Les deux conditions représenteraient la somme réellement dépensée jusqu'à ce jour pour l'exécution du Canal.

"Les acquéreurs dans ce cas auraient non seulement la propriété du Canal, mais encore pendant 99 ans la faculté de vendre les terrains des villes et établissements avec les constructions de Port Saïd et d'Ismailia, sans aucune délimitation territoriale et en partageant le produit avec le Gouvernement Egyptien."

I take it for granted that M. de Lesseps has sent your Lordship the reply alluded to, and that it has been duly received at the Foreign Office.

I shall attend the meeting in Paris on the 20th July next as usual, and for my guidance it might be necessary that I should know whether your Lordship prefers the management to be concentrated in England or shared with other Powers; in the latter case the perusal of the inclosed letter may be of some service. I may add that personally both the Ambassadors of Holland and Italy have conversationally expressed views in favour of British sole management.

I have, &c.
(Signed) DANIEL A. LANGE.

Inclosure in No. 22.

Regulations for the Navigation of the Suez Universal Ship Canal.

"Article 17.—To indemnify the Company for the expenses of construction, maintenance and working, charged upon them by these presents, we authorize the Company henceforth, and during the whole term of their lease, as determined by clauses 1 and 3 of the preceding Article, to levy and receive for passage through and entrance into the canals and ports thereunto appertaining, tolls and charges for navigation, pilotage, towage or harbour dues, according to tariffs which they shall be at liberty to modify at all times, upon the following express conditions:—

"1st. That these dues be collected without exception or favour, from all the ships under like conditions;

"2nd. That the tariffs be published three months before they come into force, in the capitals and principal commercial ports of all nations whom it may concern;

"3rd. That for the simple right of passage through the Canal, the maximum toll shall be 10 francs per measurement ton on ships and per head on passengers."

Article 1. That the navigation of the Suez Canal be opened to all vessels without distinction of nationality, provided they do not draw more than 7 mètres 50 centimètres, equal to 24 feet 7 inches English; the Canal being 8 mètres in depth, equal to 26¼ feet English.

Steam vessels will be allowed to navigate through the Canal using their own propellers; sailing vessels above 50 tons will have to be towed with the service established by the Company.

Steamers requiring to be towed can enter into a mutual agreement with the Company. Towed vessels will have to provide their own hawsers.

Art. 2. The maximum speed for vessels in the Canal is provisionally fixed at 10 kilomètres, equal to 5·4 English knots the hour.

Art. 3. Each vessel measuring more than 100 tons will have to take a Company's pilot while passing through the Canal, who will furnish instructions as to the course to steer, the captain remaining responsible for the conduct and management of his vessel.

Art. 4. When a vessel wants to pass through the Canal, and has anchored at Port Saïd or Suez, the captain must have her inscribed at the Transit Office, and pay the Canal dues as well as pilotage, towage, and charge for mooring when necessary. A receipt will be given which he can use when required. He will have to furnish the following particulars:—

Name and nationality of vessel,
Name of captain,
Name of owners and charterers,
Port from which she has come,
Port of destination.
Number of passengers.

Size of the vessel according to the legal measurement constituted by the official act of the Government to which she belongs.

Art. 5.—In order to form the trains of towed vessels, the captain will be furnished with a ticket numbered, using his receipt of the charges as a way-bill, and after having received the pilot on board will place his vessel in the position assigned to her.

Art. 6.—Vessels entering the Canal will have to brace and peak yards. There ought to be two anchors, one placed at the head of the vessel and the other at the stern, and ready to let go so as to bring up at the first order of the pilot.

Art. 7.—1. Each vessel will require a boat in tow, with a warp all ready to run ashore in case of need to one of the mooring posts attached to the banks of the Canal.

2. The captain must also have watchmen kept on board the vessel during the day the same as at night. These men will be ready to cast off or cut the ropes at the first order.

3. During the navigation in the night vessels must keep their lights burning regularly, and a man forward on the look out.

4. All steam vessels, tugs or others, must whistle when passing the curves at the approach of vessels which they have to pass or cross; also at the approach of dredgers or any other objects they may meet in their passage.

5. Vessels meeting in opposite directions must slacken speed, each standing close to the starboard bank, or stop according to the advice of the pilot.

6. When a vessel wishes to pass another going in the same direction, the captain must signal his intention to the other. The slowest vessel must stand close to the starboard bank, and lessen her speed as much as possible.

Art. 8.—1. Vessels which for any cause whatsoever may have to stop in the Canal must place themselves as near the windward shore as it is possible, and moor at both ends.

2. In case of necessary stoppage, and when a proper mooring station cannot be reached (which the captain should always try for), he must have immediately signals placed by day, and lights by night fore and aft of the vessel.

3. In case of a vessel grounding, the Company's agents have the right to prescribe the means for getting her afloat, or discharging the cargo if necessary, all at the cost of the person in fault, to be determined by the cause of the accident.

Art. 9.—1. Captains are not allowed to moor in the Canal except in cases of urgent necessity, and with the advice of the pilot.

2. To throw any ballast, cinders, or rubbish, or anything else whatsoever into the Canal.

3. In case of anything whatsoever falling into the Canal, a declaration of the same must be immediately made to the pilot, who will forward it to the agent at the nearest station.

4. It is prohibited to captains to search for any objects that may fall into the Canal, without the authority of the Company's agents.

5. The salvage, whatever way it may be effected, of any objects which may have fallen into the Canal is always done at the expense of the captain to whom the recovered articles are returned on repayment of the expenses incurred.

Art. 10. Captains have to agree before entering the Canal to obey all instructions contained in the copy of the present regulations, and to further their execution.

Art. 11. The tolls for the right of transit are calculated on the measurement tonnage of the ship, as likewise the charges for towing and berthing.

This tonnage is determined (until fresh orders) by the official papers on board. Steamers will be charged on the official nett register tonnage (exclusive of space occupied by the engines). The toll for passage from one sea to the other is 10 francs per ton measurement, and 10 francs each passenger, payable on entering either at Port Saïd or Suez. The charge for towage is fixed at two francs per ton.

The charge for berthing or anchoring either at Port Saïd, Ismaïlia, or opposite the new embankment near Suez (after a stay of 24 hours, and limited to 20 days at the utmost) is 5 centimes per ton per day, at the place assigned by the harbour master.

Pilotage is charged according to the draft of water. It is fixed as follows :—

	For each decimètre in draft. Francs.
Up to 3 mètres (9 ft. 10 in. English)	5
From 3 mètres (9 ft. 10 in. English) to 4·50 mètres (14 ft. 9 in. English) ..	10
From 4·50 mètres (14 ft. 9 in. English) to 6 mètres (19 ft. 9 in. English) ..	15
From 6 mètres (19 ft. 9 in. English) to 7·50 mètres (24 ft. 7 in. English) ..	20

Each decimètre (4 in. English) in draft pays proportionally to the category to which the vessel belongs. The pilot kept on board in case of berthing, will have to be paid 20 francs per day.

Vessels towed will be allowed a reduction of 25 per cent. off the charge for pilotage.

Art. 12. The Company receive, at their offices in Paris, payments in advance or on account of transit dues, and other charges specified in these regulations, either from shipowners direct, or through the intermission of any firm they may employ for that purpose, at the Owner's risk and responsibility.

On receipt of these payments on deposit, the administration in Paris will deliver a *Receipt*, which can be remitted as cash to the agents in Egypt appointed to receive the dues; who are further authorised to receive a bill at sight from the captain on the owner, for pilotage and other charges, as settlement of account, provided always that the transit dues have been previously deposited at the Company's offices in Paris.

Should the payments in advance not be made in sufficient time to allow the *Receipt* being forwarded to the captain, the company will advise their agents in Egypt by telegram, the expenses of which to be charged to the owner.

This latter clause is equally applicable to payments made in Paris on account of vessels homeward bound.

Paris, February 1, 1870.

(Signed) FERD. DE LESSEPS, *President.*

No. 23.

Mr. Hammond to Sir D. Lange.

Sir, *Foreign Office, June* 28, 1871.

I AM directed by Earl Granville to acknowledge the receipt of your letters of the 19th and 21st instant on the subject of the Suez Canal; and, in reply, I am to acquaint you that his Lordship considers it would be premature for Her Majesty's Government to give any opinion on the points raised by you.

I am, &c.

(Signed) E. HAMMOND.

No. 24.

Mr. Moore to Earl Granville.—(Received October 25.)

My Lord, *Cairo, October* 15, 1871.

I HAVE the honour to report to your Lordship that the Khedive informed me this morning that he had just received a letter from M. de Lesseps, in which that gentleman advocates the purchase of the Suez Canal from the present Company by the several European Governments, with the object of rendering it international; that both M. Thiers and M. Rémusat had signified their approval of such a project; and that the mediation of the Italian Government would be sought to bring about an understanding on the subject between the various Powers.

His Highness observed that he foresaw great difficulties in the way of carrying out this new idea of M. de Lesseps; adding, that this measure, being one of great importance, he would lay that gentleman's letter before the Porte, leaving it to the Sultan's Government to act in the matter as they might think proper.

I beg leave to leave to state that His Highness did not at all appear to me to be favourably impressed with the proposed measure, nor did he seem desirous to further its realization.

I have, &c.

(Signed) LIONEL MOORE.

No. 25.

Sir H. Elliot to the Earl of Derby.—(*Received November* 8.)

My Lord, *Therapia, October* 28, 1871.

I YESTERDAY asked Server Pasha whether he had heard anything of the suggestions of M. Lesseps, reported by M. Moore, for the sale of the Suez Canal to the different European Governments.

His Excellency said that not a word of any such project had reached him; but he could have no hesitation in at once declaring that it was one which would never for a minute be entertained by the Porte.

I said I had no reason for supposing that it was likely to be received with favour by Her Majesty's Government, for, according to the best of my belief, although there was little prospect of the Canal affording to the shareholders a return for the money they had risked in the speculation, there was ground for expecting that its earnings would be sufficient to ensure it being kept in working order.

All the Governments have an interest in the Canal being maintained in an available condition, but none would, I thought, be likely to incur expense for the sake reimbursing the shareholders.

If there should be any difficulty in keeping the Canal up, it would form a proper subject for the consideration of the Porte and the Khedive.

Server Pasha took the same view, and mentioned that the Porte threw no difficulties in the way of arrangements intended to promote the efficiency of the Canal, and had, a short time ago, at the request of the Egyptian Government, sanctioned a proposal to raise the rate of payment by 1 fr. per ton on a vessel passing the Canal, upon the security of which revenue it was proposed to raise a loan of 60,000,000 fr. towards the completion of the works that are still required.

He was not aware what had since been done to realise this plan.

I have, &c.

(Signed) HENRY ELLIOT.

No. 26.

Sir H. Elliot to Earl Granville.—(*Received November* 30.)

My Lord, *Therapia, November* 9, 1871.

WITH reference to my despatch of the 28th ultimo, respecting the proposal of M. de Lesseps that the Suez Canal should be purchased from the present Company by the European Governments, I have the honour to inclose a copy of the project of note to be addressed to the Italian Government, for which he asked for the Viceroy's approval.

This project has been forwarded by His Highness to the Porte, together with his reply to M. de Lesseps, of which the copy is likewise inclosed.

I entertain little doubt but that the Porte will express its concurrence with His Highness in disapproving the proposal.

The property of the shareholders is regarded as having no marketable value, there being little probability of the returns from the Canal being sufficient to yield an interest on the outlay; but, as the receipts will exceed what is required to keep the Canal in working order, the public is supposed to be safe from the risk of losing the benefit of the undertaking.

I have, &c.

(Signed) HENRY ELLIOT.

Inclosure 1 in No. 26.

Projet de Note.

Paris, le 8 *Octobre,* 1871.

M. THIERS et M. de Rémusat adhèrent pleinement à l'initiative qui serait prise par le Gouvernement Italien pour obtenir un accord entre les différentes Puissances à l'effet d'examiner, dans des conférences où tous les intérêts seraient représentés, la

question du rachat du Canal de Suez, et d'arriver, par une juste indemnité, à affranchir le commerce général des droits de passage stipulés au profit de la Compagnie industrielle dirigée par M. de Lesseps.

La Compagnie ayant son siége administratif financier et judiciaire en France, les conférences pourraient se tenir à Paris, au Ministère des Affaires Etrangères, où se réuniraient les Représentants des divers Etats, munis des pouvoirs de leurs Gouvernements respectifs.

(Signé) FERD. DE LESSEPS.

(Translation.)

Paris, October 8, 1871.

M. THIERS and M. de Rémusat concur fully in the initiative proposed to be taken by the Italian Government to obtain an agreement between the different Powers, with a view to consider in Conferences, where all the interests concerned would be represented, the question of the purchase of the Suez Canal, and to secure, by means of a fair indemnity, the exemption of general commerce from the passage dues secured by stipulation to the trading company under M. de Lesseps' management.

As the Company has its administrative, financial, and judicial domicile in France, the Conferences might be held in Paris at the Ministry for Foreign Affairs, where the Representatives of the different Powers might meet, furnished with powers by their respective Governments.

(Signed) FERD. DE LESSEPS.

Inclosure 2 in No. 26.

Ismail Pasha to M. de Lesseps.

Palais d'Abdin, le 26 *Octobre*, 1871.

J'AI reçu la lettre particulière que vous m'avez écrite le 5 Octobre, et dans laquelle vous me dites que le Canal étant tout à fait terminé, que le mouvement maritime se prononçant de plus en plus et ne laissant plus de doute sur des produits rémunérateurs, vous avez cru devoir consulter MM. Thiers et de Rémusat et préjuger leur opinion au sujet d'une interpellation adressée par un membre du Parlement Italien au Ministère Italien l'an passé et tendant à proposer aux divers Gouvernements de se mettre d'accord pour racheter le Canal de Suez en indemnisant la Compagnie.

A la suite de l'entretien que vous avez eu avec le Président de la République et M. de Rémusat, vous avez préparé une note pour M. Visconti Venosta dont vous ne voulez pourtant faire usage qu'autant que vous y seriez autorisé par moi.

La question que vous posez, mon cher M. de Lesseps, dans mon opinion est une question dont je ne vois pas la raison d'être; elle me semble difficile à admettre. Pour moi je ne puis absolument pas y répondre, ce n'est que la Porte seule qui puisse prendre une décision à ce sujet. Aussi ai-je référé votre projet de note à son Altesse le Grand Vézir, et je vous répondrai s'il me fait connaître sa manière de voir.

(Signé) ISMAIL.

(Translation.)

My dear M. de Lesseps, *Palace of Abdin, October* 26, 1871.

I HAVE received the private letter which you addressed to me on the 5th of October, and in which you state that the Canal being entirely finished, and the daily development of traffic showing more and more clearly that no further doubt can be entertained as to remunerative returns, you had thought it right to consult M. Thiers and M. de Rémusat, and obtain their opinion with regard to an interpellation addressed last year to the Italian Ministry by a member of the Italian Parliament, tending to a proposal to the different Powers to come to some agreement for purchasing the Suez Canal and indemnifying the Company.

After the interview which you had with the President of the Republic and M. de Rémusat you drafted a note to M. Visconti Venosta, which you do not, however, wish to address to him without my authorization.

The question which you put, my dear M. de Lesseps, is, in my opinion, a question for which I can see no reason; it is one which it seems to me difficult to admit. For my part I cannot possibly return an answer to it, for the Porte alone can give a

decision in the matter. I have, therefore, referred your project of note to his Highness the Grand Vizier, and I will address a reply to you if he communicates to me his views on the subject.

(Signed) ISMAIL.

No. 27.

Lord Lyons to Earl Granville.—(Received December 16.)

My Lord, *Paris, December 15, 1871.*

WITH reference to Mr. Moore's despatch to your Lordship of the 15th October last (a copy of which was inclosed in your Lordship's despatch to Mr. West, of the 26th of the same month); to Sir Henry Elliot's despatch to your Lordship of the 28th October last (a copy of which was inclosed in your Lordship's despatch to Mr. West of the 8th ultimo); and to Sir Henry Elliot's despatch to your Lordship of the 9th ultimo (which was forwarded to your Lordship with Mr. West's despatch of the 29th ultimo); I have the honour to transmit to you herewith copies of four papers relative to the proposal to sell the Suez Canal to Foreign Powers.

These papers have been sent to me by M. de Lesseps.

I am, &c.

(Signed) LYONS.

Inclosure 1 in No. 27.

M. de Lesseps to M. Visconti Venosta.

Paris, le 7 Novembre, 1871.

J'AVAIS particulièrement envoyé au Khédive d'Egypte un projet de note au sujet de la question du rachat du Canal de Suez, mise en avant dans une séance du Parlement Italien.

La Compagnie Universelle Concessionnaire ne provoque point ce rachat, mais elle est disposée, dans l'intérêt du commerce général, à examiner les propositions qui lui seraient faites par les Puissances intéressées, dans le cas où ces Puissances établiraient entr'elles un accord pour lequel le Gouvernement Italien s'est montré disposé à prendre l'initiative.

Le Khédive d'Egypte, tout en regardant une solution comme fort difficile à obtenir, et sans toutefois se prononcer d'une manière absolue, m'a répondu qu'il y avait lieu de commencer par s'adresser au Grand Vézir.

Il appartient maintenant au Gouvernement Italien de juger la suite qu'il lui conviendra de donner à ses premières ouvertures.

Afin de le mettre à même d'apprécier la situation, je remets, ci-joint, les copies de ma lettre particulière au Khédive d'Egypte, avec mon projet de note et de la réponse de Son Altesse.

(Signé) FERD. DE LESSEPS.

(Translation.)

Paris, November 7, 1871.

I HAD privately communicated to the Viceroy of Egypt a project of a note relative to the question of the purchase of the Suez Canal, which was raised in the Italian Parliament.

The Universal Concessionary Company does not invite this purchase, but it is disposed, in the interests of general commerce, to take into consideration such proposals as may be submitted by the Powers interested, in the event of their coming to an agreement on the subject, such as the Italian Government has shown itself inclined to take the initiative in promoting.

The Viceroy of Egypt, while considering such a question very difficult to solve, and without pronouncing on the subject, stated to me, in reply, that the first step to be taken was to communicate with the Grand Vizier.

It is now for the Italian Government to consider what action it shall take upon these first overtures.

In order that it may be able to judge exactly of the position of the question, I inclose herewith copies of my private letter to the Viceroy of Egypt, with my project of a note, and of His Highness' reply.

(Signed) FERD. DE LESSEPS.

Inclosure 2 in No. 27.

M. de Lesseps to His Highness the Khedive.

Monseigneur, *Paris, le 5 Octobre,* 1871.

IL y a un an, le Ministère Italien a été interpellé à son Parlement afin de savoir s'il serait disposé, dans l'intérêt de la navigation nationale, à proposer aux divers Gouvernements de se mettre d'accord pour racheter le Canal de Suez en indemnisant la Compagnie.

Le Ministère a répondu qu'il y serait disposé.

Les événements qui ont eu lieu ont naturellement suspendu toute autre démarche, mais depuis la cessation de la guerre entre la France et la Prusse des pourparlers se sont renouvelés. J'en ai été informé par des amis faisant partie du Cabinet de Florence, et j'ai attendu pour répondre que la Compagnie fût en mesure de prouver que si, dans l'intérêt général, elle entrait en négociation pour céder son entreprise, ce ne serait pas par nécessité d'argent, c'est-à-dire, par besoin de s'en débarrasser.

Aujourd'hui que les actionnaires ont montré, dans la dernière assemblée générale, leur confiance dans l'avenir, que le Canal est tout-à-fait terminé, et que le mouvement maritime à vapeur se prononce de plus en plus de manière à ne plus laisser de doute sur des produits rémunérateurs, le moment semble propice pour examiner la question.

Cependant le Gouvernement Italien désirant connaître, à ce sujet, l'opinion du Gouvernement Français, j'ai consulté M. Thiers et M. de Rémusat. A la suite de l'entretien que j'ai eu avant hier avec ces deux personnages, je m'empresse de transmettre à votre Altesse la note ci-jointe destinée à M. Visconti Venosta, Ministre des Affaires Etrangères d'Italie, mais dont je ne ferai usage que dans le cas où votre Altesse m'y autoriserait par lettre particulière.

(Signé) FERD. DE LESSEPS.

(Translation.)

Monseigneur, *Paris, October* 5, 1871.

A YEAR ago, an interpellation was addressed in the Italian Parliament to the Ministry with a view to learn whether it would be disposed, in the interest of national shipping, to propose to the different Powers to come to an agreement for purchasing the Suez Canal and indemnifying the Company.

The Ministry replied that they would feel disposed to do so.

Subsequent events have naturally suspended all further action, but since the termination of the Franco-Prussian war, preliminary negotiations have been renewed. I have been informed thereof by friends who are members of the Italian Cabinet, and, before replying, I have waited for the Company to be in a position to prove that if, on grounds of general interests, it were to enter into negotiations for the cession of its undertaking, it would not be from want of money, *i.e.*, from the necessity of parting with the Canal.

Now that the shareholders have shown, at the last general meeting, their confidence in the future, and that the Canal is entirely finished, and that the development of steam-traffic shows more and more clearly that no doubt can be entertained as to remunerative returns, a propitious moment seems to have arrived for taking the question into consideration.

The Italian Government wished, however, to learn the views of the French Government on this subject; I therefore consulted M. Thiers and M. de Rémusat. In consequence of the interview which I had the day before yesterday with these two gentlemen, I hasten to transmit herewith to your Highness the inclosed note intended for M. Visconti Venosta, the Italian Minister for Foreign Affairs, but which I will only address to him in the event of your Highness authorizing me to do so by a private letter.

(Signed) FERD. DE LESSEPS.

Inclosure 3 in No. 27.

Projet de Note.

[See Inclosure 1 in No. 26.]

Inclosure 4 in No. 27.

Ismail Pasha to M. de Lesseps, October 26, 1871.

[See Inclosure 2 in No. 26.]

No. 28.

Sir D. Lange to Earl Granville.—(*Received January* 1, 1872.)

My Lord, 21, *Regent Street, London, December* 29, 1871.

I HAVE kept your Lordship informed with reference to matters pertaining to the acquisition of the Suez Canal, including the towns, villages, and large tracts of land at present the property of the Canal Company.

This question has formed the subject of a lengthy correspondence, and I may inform your Lordship that it now assumes a more circumstantial form, as will be seen from a recent communication from M. de Lesseps to myself:—

"J'avais particulièrement envoyé au Khédive d'Egypte un projet de note au sujet de la question du rachat de Suez, mise en avant dans une séance du Parlement Italien.

"La Compagnie Universelle Concessionnaire ne provoque point de rachat, mais elle est disposée, dans l'intérêt du commerce général et de ses actionnaires à examiner les propositions qui lui seraient faites par les Puissances intéressées, dans le cas où ces Puissances établiraient entre elles un accord pour lequel le Gouvernement Italien s'est montré disposé à prendre l'initiative.

"Le Khédive d'Egypte, tout en regardant une solution comme fort difficile à obtenir, et sans toutefois se prononcer d'une manière absolue, m'a répondu qu'il y avait lieu de commencer par s'adresser au Grand Vézir.

(Signé) "Ferd. de Lesseps."

The point hitherto arrived at is what I anticipated, and personally desired, as it places the matter in the hands of the Sultan of Turkey.

Meanwhile, his Excellency the Turkish Ambassador has communicated with me on the subject, and has made proposals to me for the purchase of the Suez Canal works by Turkey, defining the mode of payment, but leaving me to work out the form of project most likely to prove acceptable to the proprietors of the Suez Canal. It being understood that in this matter Turkey would act an intermediate part, and afterwards propose to transfer the management to England. His Excellency fully understands that I am willing to co-operate in any arrangement, provided such arrangement is in accordance with the views of the British Government, but I frankly confessed that I had not at present the remotest conception what those views are.

I have refrained from communicating these particulars to anyone besides your Lordship, nor is it my intention to write a line to Paris on the subject, for the present.

My reasons for not doing so are, in the first place, to give your Lordship the opportunity of communicating any observations to me, should you at all desire to do so; and, secondly, because I discovered on my last visit to Paris that M. de Lesseps had lost a considerable portion of his former sway over the share and bondholders, who, at the last meeting, to his surprise, would scarcely listen to him, and refused to adopt his financial report. Your Lordship may recollect that, in my former letters, I predicted something of the sort, and the cause of all this opposition chiefly arose from his refusal to adopt a plan of my own for computing the tonnage of ships, which would have increased the revenue, and for the adoption of which the meeting clamoured.

M. de Lesseps, who has somewhat tardily comprehended the benefit it will confer, has appointed a Special Commission to sit, upon the mode of computing the tonnage.

I do not adduce this circumstance for any significance it may possess in itself, but as one which, in dealing with the Canal Company, through M. de Lesseps, ought to be taken into account.

I have, &c.
(Signed) DANIEL A. LANGE.

No. 29.

Mr. Hammond to Sir D. Lange.

Sir, *Foreign Office, January* 3, 1872.

I AM directed by Earl Granville to acknowledge with thanks your letter of the 29th ultimo, containing observations on the subject of the Suez Canal, which he will communicate to his colleague.

I am, &c.
(Signed) E. HAMMOND.

No. 30.

Mr. Hammond to Mr. Farrer.

Sir, *Foreign Office, January* 3, 1872.

I AM directed by Earl Granville to transmit to you the accompanying copies of a correspondence as noted in the margin* respecting the proposal of M. de Lesseps to sell the Suez Canal to a Foreign Power, and I am to request that in laying these papers before the Lords of the Committee for Trade you will move them to favour Lord Granville with their observations on the subject.

I am, &c.
(Signed) E. HAMMOND.

No. 31.

Mr. Farrer to Mr. Hammond.—(Received January 23.)

Sir, *Board of Trade, Whitehall Gardens, January* 22, 1872.

I AM directed by the Board of Trade to acknowledge yonr letter of the 3rd instant, transmitting copies of a correspondence, respecting the proposal of M. de Lesseps to sell the Suez Canal to a foreign Power and requesting that Earl Granville may be favoured with the observations of this Board thereon.

The Board of Trade direct me in reply to state that from these papers they gather that the Italian and French Governments are both ready to join in considering a plan for the purchase of the Canal by the European Governments—that the Egyptian Government is undecided, but inclined against such a plan—and that the Turkish Government though it has not declared itself, is likely to be opposed to it.

It appears further that M. de Lesseps and the Company are not indisposed to sell, although there may be great differences between them and other persons about the value of the Canal and about the terms of purchase.

The Board of Trade have as yet no complete figures showing what has been the progress of the Canal during the last year as compared with the preceding year, but from a Summary of the monthly Traffic Returns from January to November inclusive, which, with a classified list of ships, they have caused to be prepared (which are annexed), it would appear that as compared with the Summary of the Traffic for the Year 1870, also enclosed, the navigation of the Canal has increased considerably, and that not only is the greater part of the tonnage still British, but that the proportion of British tonnage using the Canal is on the increase.

In 1870 the number of ships of all flags using the Canal was 563, and their tonnage 500,000, and of these 360, with a tonnage of 324,000, or about 64 per cent. were British.

The number of ships of all flags which passed through the Canal in the first

* Nos. 26 and 27.

eleven months of 1871 was 681, and their tonnage 687,711. Of these 446, with a tonnage of 488,059, or about 70 per cent. were British.

As regards the present financial conditions of the Canal, the capital expended since last year, the income, and the working expenditure, the Board of Trade have no further information than was contained in your letter of the 20th of March last, and referred to in my letter of the 29th of March; and they desire me to suggest, for the consideration of Lord Granville, that full returns should be procured from Paris or Egypt, since it is difficult to obtain them in London.

From M. Lesseps' statement it seems that the shareholders anticipate a profit; whilst from the facts mentioned in the above correspondence last year, such a result seems improbable.

In their letters of the 26th of January, 1871, and 29th of March, 1871, the Board of Trade have entered fully into the policy which, looking to the interests of British trade and navigation, ought in their opinion to be pursued with respect to this enterprize; and they are glad to see that the course which they think desirable, viz., the purchase of the Canal by the European Governments, and the management and neutralization of it under an European Commission, is favoured by the Governments of France and Italy.

In the present state of the case they find a confirmation of the opinion they have before expressed. The trade between Europe and the East, flows more and more through the Canal; and the British flag covers an ever-increasing proportion of this trade. British interests are daily more and more concerned in keeping the Canal open and in good condition.

As regards the financial condition of the enterprize, it is to be observed, that if, as M. Lesseps supposes, it is about to become a profitable concern, a better bargain can be made now with the shareholders than can ever be made hereafter, whilst if it is not to become profitable, there is no expectation that the Canal will be efficiently worked or maintained by an insolvent Company.

The political questions involved are for the consideration of Lord Granville rather than the Board of Trade; and upon this part of the subject, having regard to the attitude of Egypt and of the Porte, they will only observe that it would, in their opinion, be a most serious evil for the commerce of the world if this great highway were to fall into the hands of any Government which should be incapable of managing it properly, or should be open to influences other than those arising from the interests of trade and navigation.

I have, &c.
(Signed) T. H. FARRER.

Inclosure 1 in No. 31.

CLASSIFIED List of Ships, 1871.

Month.	Number of Ships.	British.	French.	Austrian.	Spanish.	Turkish.	Ottoman.	Egyptian.	Italian.	Belgian.	Russian.	Danish.	Zanzibarian.	American.	Dutch.	Prussian.	Portuguese.
January	74	40	7	14	1	4	..	3	3	1	..	..	..	1	..	..	..
February	69	48	5	4	..	5	..	2	4	..	1	..	..	..	..	..	..
March	69	47	4	5	..	3	..	3	3	1	2	..	..	1	..	..	..
April	55	38	4	3	..	2	..	5	2	..	1	..	..	..	..	..	..
May	49	39	4	3	..	1	..	..	2	..	..	..	..	..	..	..	..
June	44	25	4	5	1	2	..	..	6	1	..	..	..	..	..	..	..
July	62	38	6	7	..	2	..	..	8	..	..	..	..	..	..	1	..
August	60	41	5	5	..	4	..	..	3	..	1	..	..	..	1	..	..
September	55	35	5	4	1	3	..	2	4	1	..	..	..	..	..	..	..
October	80	51	8	5	1	2	..	4	5	..	..	..	..	..	2	1	1
November	64	44	9	5	..	..	..	1	2	..	..	..	..	..	1	2	..
December	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
	681	446	61	60	4	28	..	20	42	4	5	..	..	2	4	4	1

Inclosnre 2 in No. 31.

Suez Canal Traffic.—Summary for the Year 1871 (December excepted).

Month.	No. of Ships.			British.		French.		Austrian.		Spanish.		Turkish.		Ottoman.		Egyptian.		Italian.	
	Mercantile.	Government and Yachts.	Total.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.
January	67	7	74	35,315	1,267	5,640	651	8,089	995	782	..	2,872	..	..	..	4,650	..	2,205	..
February	66	3	69	45,557	264	3,442	3,922	2,931	..	..	..	3,482	..	..	..	1,862	..	2,066	..
March	67	2	69	49,536	3,001	5,002	715	3,884	..	..	..	2,596	..	..	..	2,100	..	2,334	..
April	50	5	55	41,448	213	2,741	3,729	1,844	..	..	..	1,170	..	..	..	1,520	562	1,571	..
May	44	5	49	35,902	3,451	3,841	2,294	2,454	..	..	..	..	524	..	..	..	..	1,570	..
June	41	3	44	26,359	206	3,643	1,672	3,110	..	615	..	1,128	..	..	..	..	..	3,237	815
July	60	2	62	42,619	..	6,713	660	3,087	566	..	..	428	..	..	..	..	..	4,371	..
August	56	4	60	47,971	..	4,920	3,729	2,557	..	..	..	479	728	..	..	..	..	2,162	..
September	54	1	55	38,245	..	6,223	340	1,640	..	615	..	1,933	..	..	..	679	..	2,586	..
October	72	1	80	50,049	14,935	8,108	1,958	3,883	..	530	..	752	..	..	..	1521	..	2,498	..
November	56	8	64	45,372	6,154	6,554	6,212	3,268	..	..	..	..	..	..	..	500	..	1,389	..
	633	48	681	458,368	29,491	56·827	25,882	36,747	1,561	2,542	..	44,840	1,259	..	..	12,832	562	25,989	815

Month.	Belgian.		Russian.		Danish.		Zanzibarian.		American.		Dutch.		Russian.		Portuguese.		Tonnage.		
	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Mercantile.	Government and Yachts.	Total.
January	1,100	..	..	..	..	..	..	..	1,664	..	..	..	..	..	..	..	62,317	2,913	65,230
February	..	..	..	322	..	..	..	..	..	..	..	..	..	..	..	..	59,340	4,508	63,848
March	1,100	..	2,249	..	..	..	..	..	2,096	..	..	..	..	..	..	..	70,897	3,716	74,613
April	..	..	1,052	..	..	..	..	..	..	..	..	..	..	..	..	..	51,346	4,504	55,850
May	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	43,767	6,269	50,036
June	1,100	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	39,192	2,693	41,885
July	..	..	..	..	..	..	..	..	..	..	..	..	637	..	..	..	57,885	1,226	59,081
August	..	..	1,197	..	..	..	..	..	..	..	1,627	..	..	..	..	..	60,913	4,457	65,370
September	1,100	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	53,021	340	53,361
October	..	..	..	..	..	..	..	..	..	..	1,547	..	230	..	..	531	69,113	17,424	86,537
November	..	..	..	..	..	..	..	..	..	..	1,627	..	824	..	..	..	59,534	12,366	71,900
	25,989	815	4,498	322	..	..	..	..	3,760	..	4,801	..	1,691	..	..	531	627,295	60,416	687,711

No. 32.

Musurus Pasha to Earl Granville.—(*Received January* 23.)

My Lord, *Ambassade Impériale Ottomane, Londres, le* 22 *Janvier*, 1872.

CONFORMEMENT au désir exprimé par votre Excellence, je m'empresse de lui communiquer ci-jointe en copie et avec ses trois annexes, la dépêche de son Excellence Server Pacha du 10 de ce mois, relative au projet de M. de Lesseps de vendre le Canal de Suez aux Puissances Européennes.

J'ai, &c.
(Signé) MUSURUS.

(Translation.)

My Lord, *Imperial Ottoman Embassy, London, January* 22, 1872.

IN conformity with the desire expressed by your Excellency I hasten to transmit to you herewith a copy of the despatch, and of its three inclosures, from his Excellency Server Pasha, dated the 10th instant, relative to M. de Lesseps' plan for the sale of the Suez Canal to the European Powers.

I have, &c.
(Signed) MUSURUS.

Inclosure 1 in No. 32.

Server Pasha to Musurus Pasha.

M. l'Ambassadeur, *Le* 10 *Janvier*, 1872.

VOTRE Excellence doit avoir appris, à l'heure qu'il est, le projet de M. de Lesseps de vendre le Canal de Suez aux Puissances Européennes et de former une Administration Internationale.

J'ai l'honneur de vous transmettre aujourd'hui ci-jointe en copie et avec ses annexes, la lettre que Son Altesse le Khédive a adressée à la Sublime Porte sur ce sujet.

D'abord, je dois vous déclarer, M. l'Ambassadeur, que la Sublime Porte ne saurait admettre, même en principe, la vente du Canal, ou la formation d'une Administration Internationale sur son propre territoire. D'un autre côté, M. de Lesseps, n'étant qu'un simple concessionnaire de l'entreprise, ne saurait jamais avoir le droit de soulever de pareils projets. La Compagnie du Canal de Suez est Egyptienne, et par suite soumise aux lois et usages de l'Empire. En outre, dans son contrat, M. de Lesseps s'engage à ne point modifier la situation de la Compagnie vis-à-vis du Gouvernement Impérial, et subordonne tout nouveau projet relatif à cette entreprise à l'approbation du Gouvernement Impérial. Or, je le répète, la Sublime Porte ne se décidera jamais à accepter une telle modification.

Comme il est probable que M. de Lesseps fasse, à cet égard, des ouvertures auprès du Cabinet de St. James, je prie votre Excellence de saisir la première occasion pour s'énoncer catégoriquement auprès de Lord Granville dans le sens qui précède. De mon côté, j'ai tenu le même langage à son Excellence Sir H. Elliot.

Veuillez, &c.
(Signé) SERVER.

(Translation.)

M. l'Ambassadeur, *January* 10, 1872.

YOUR Excellency will by this time have learnt the plan formed by M. de Lesseps for the sale of the Suez Canal to the European Powers and the creation of an International Administration.

I have to-day the honour to transmit to you herewith a copy of a letter and of its inclosures, which His Highness the Khedive has addressed to the Sublime Porte on this subject.

I must, first of all, state to you, M. l'Ambassadeur, that the Sublime Porte could not admit, even in principle, the sale of the Canal or the creation of an International Administration on its own territory. On the other hand, M. de Lesseps, having only the concession of the undertaking, could never have the right of raising questions of such a nature. The Suez Canal Company is an Egyptian Company, and therefore

subject to the laws and customs of the Empire. Moreover M. de Lesseps in his contract engages not to modify the position of the Company in its relations towards the Imperial Government, and subordinates all new plans in connection with his undertaking to the approval of the Imperial Government. Now I repeat that the Sublime Porte will never bring itself to agree to such a modification.

As it is probable that M. de Lesseps will make overtures on this subject to the Cabinet of St. James, I beg your Excellency to take the first opportunity of expressing yourself categorically in the above sense to Lord Granville. On my side I have held the same language to his Excellency Sir H. Elliot.

I have, &c.
(Signed) SERVER.

Inclosure 2 in No. 32.

Projet de Note.

[See Inclosure 1 in No. 26.]

Inclosure 3 in No. 32.

The Khedive of Egypt to the Grand Vizier.

(Traduction.)

Altesse, 4 *Chaban*, 1288 (19 *Octobre*, 1871).

UNE lettre que je viens de recevoir de M. de Lesseps m'informe que, l'année dernière, un membre du Parlement Italien ayant fait une proposition dans le but de savoir si, en considération des avantages et des facilités pour le commerce en général, il serait convenable que tous les Gouvernements s'entendissent pour racheter le Canal de Suez en indemnisant la Compagnie, le Ministre des Affaires Etrangères d'Italie se montra favorable à ce projet, mais que la dernière guerre en empêcha la prise en considération.

M. de Lesseps ajoute que, maintenant que l'existence du Canal de Suez a démontré les bienfaits que doit en retirer le commerce du monde, il a eu une entrevue à ce sujet avec M. Thiers.

A la suite de cette entrevue il vient de m'envoyer, en vue d'obtenir mon autorisation, un projet de note à adresser au Ministre des Affaires Etrangères d'Italie concernant le rachat en question.

En réponse à l'étrange communication de M. de Lesseps sur une question aussi importante, je lui ai dit que, outre que je ne voyais pas la raison d'être de ce projet, l'exécution m'en paraissait offrir de grandes difficultés; que, d'ailleurs, je n'avais point d'avis à émettre sur une proposition qui concernait spécialement le Gouvernement Impérial; et que je me réservais de faire part de cette proposition à la Sublime Porte, dont je lui communiquerais la réponse, si elle jugeait à propos d'y donner suite.

Votre Altesse trouvera, ci-jointe en copie, la note de M. de Lesseps et ma réponse à la dite note.

J'ai, &c.

(Translation.)

Your Highness, *October* 19, 1871.

A LETTER which I have just received from M. de Lesseps informs me that a member of the Italian Parliament having last year raised the question whether, in consideration of the advantages and benefit which would result for commerce in general, it might not be proper for the different Powers to come to an agreement for purchasing the Suez Canal and indemnifying the Company, the Italian Minister for Foreign Affairs showed himself favourable to this plan, but that the late war prevented its further consideration.

M. de Lesseps adds that, now that the existence of the Suez Canal has shown the advantages which the commerce of the whole world will derive from it, he has had an interview with M. Thiers on the subject.

In consequence of this interview, he has just forwarded to me, with a view to obtain for it my authorization, the project of a note to be addressed to the Italian Minister for Foreign Affairs with reference to the purchase in question.

In reply to this strange communication of M. de Lesseps on such an important question, I have told him that, besides seeing no reason for such a plan, its execution seemed to me fraught with difficulties; that, moreover, I had no opinion to express on a subject specially concerning the Imperial Government, and that I reserved to myself to communicate this proposal to the Sublime Porte, with whose answer I would acquaint him should it think proper to take further action upon it.

I transmit herewith to your Highness copies of M. de Lesseps' letter and of the answer I have returned to it.

I have, &c.

Inclosure 4 in No. 32.

Ismail Pasha to M. de Lesseps, October 26, 1851.

[See Inclosure 4 in No. 27.]

EGYPT. No. 2 (1876).

CORRESPONDENCE respecting the Suez Canal.

(In continuation of Papers presented to Parliament in 1874: "Commercial No. 19.")

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
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EGYPT. No. 9 (1876).

FURTHER CORRESPONDENCE

RESPECTING

THE SUEZ CANAL.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
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Further Correspondence respecting the Suez Canal.

No. 1.

Colonel Stokes to the Earl of Derby.—(Received January 30.)

My Lord, *Cairo, January 19, 1876.*

I HAVE the honour to report that I have made an inspection of the Suez Canal in company with Mr. Cave, and have found it in very good condition.

The same order and regularity in passing ships through the Canal was noticeable as in 1874 when I was last here. I have no reason to change the views I then expressed on the organization and general administration of the Canal business, or on the capacity of the channel for many years to come to accommodate the shipping that will pass through it.

I am glad to be able to report that the physical condition of the Canal is better than in 1874.

The system of dredging outside the Port Saïd piers, which had only then been begun and was not very promising, has been diligently pursued with favourable results. This system was correctly described in my despatch of the 2nd of June, 1875, of which an extract is annexed for reference, but it is still too soon to say that it is all that is required for keeping open the entrance, as the prolongation of the west pier carried out in 1873-74 may have helped to produce the improved channel.

However, the experience hitherto gained has shown that the powerful dredger and steam-barges into which it discharges the stuff dredged, are able to continue at work all through the summer months, and that thus one element of doubt and uncertainty is removed, and there are valid reasons for expecting that the remedy is a final one.

The present depth of the entrance is between 28 and 29 feet, which is sufficient for vessels drawing 25 feet, to which draught all vessels passing through the Canal are necessarily restricted.

The condition of the west or principal pier has been much improved by the addition of blocks composed of rubble set in cement where the old béton blocks had given way. These rubble blocks resist the action of the air and spray better than those formerly employed, and which decomposed at the water-line as mentioned in my former report.

In the Canal proper the Company has protected a considerable length of its banks by stone revetment which will diminish the actual cost of dredging, as the revetment prevents the sand being washed down by the displacement wave of vessels passing through.

At Port Saïd M. de Lesseps afforded us an opportunity of inspecting the workshops and storehouses of the Company.

We were much struck by the system of verification of the quantity of materials employed and in stock: the checks and counterchecks on misappropriation, required in so large an establishment, being ingeniously devised and worked with much care.

They certainly entail a great amount of clerical labour, and therefore the maintenance of a numerous staff, but this is probably more than compensated by the protection afforded to the large and valuable store of materials.

M. de Lesseps entertained us very hospitably both at Ismaïlia and Port Saïd, and conveyed us through the whole length of the Canal in one of the Company's steamers.

The officers of the Company showed every desire to furnish us with the fullest information on all points, and we are much indebted to them and to M. de Lesseps for their kindness and courtesy.

I have, &c.
(Signed) J. STOKES.

Inclosure in No. 1.

Colonel Stokes to the Earl of Derby.

(Extract.) *Chatham, June* 2, 1875.

LORD LYONS' despatch* treats of a new mode proposed by M. de Lesseps for keeping open harbour or river entrances exposed to the danger of being silted up, more especially exemplified in its application to Port Saïd.

On this subject it is impossible to give an authoritative opinion without an examination of the effects produced by the application of the new system over a course of years. This system, as now described, does not appear to me to be that recommended by the Technical Commission of Paris of 1873, to which I alluded in my Report of the 20th of April, 1874. The dredging then proposed was to be under shelter of the West Pier, whereas that now spoken of seems to be quite outside the pier. As I understand M. de Lesseps' account of it, it consists in creating during the summer a vast depression of the sea bottom in front of the entrance and to leeward of the growing shoal to the north-west caused by the pier. Into this depression the beat of the winter waves will drive the upper layers of the shoal, and will thus equalize the general depth, without, as hitherto, creating a bar across the entrance. Looked at theoretically the plan seems feasible, if there are enough fine days during the summer to allow the dredger to excavate a sufficient depression to receive the winter levelling down. Experience alone can determine whether this result will be obtained. On one point there can be no doubt—it will involve a very serious annual outlay; but, if the system answers essentially, it is not likely to be so much as the interest of capital that would be spent on prolongations of the pier. The experience of this new system hitherto obtained is too short to enable any one to speak confidently of its success. I think it at any rate well worth further trial under accurate observation of its results, and far better than the system of prolonging the pier.

No. 2.

Colonel Stokes to the Earl of Derby,—(Received January 30.)

(Extract.) *Cairo, January* 19, 1876.

ON the 10th instant, on the morning of taking leave of M. de Lesseps, after my recent visit to the Suez Canal, he expressed the wish that all differences between the Company and Her Majesty's Government should be removed; and urged that the reduction of the surtax should be made to begin at a yearly amount of tonnage, giving the shareholders the dividend which they have a right to expect after all the sacrifices they have made. If such an alteration of the arrangement of Constantinople could be effected, he would frankly accept the decision of the International Tonnage Commission.

I replied that I was in no way authorized to treat on the subject, nor did I think Her Majesty's Government would be disposed to make the alteration he proposed, as I must observe, that the shareholders having received 5 per cent per annum on their money, could not be held to have made any great sacrifices; but, I added, I saw a mode of arriving at a compromise on the subject, which I should be disposed to reccommend to your Lordship if he would agree to it.

I then explained that if the Company would consent to reduce the maximum of 10 fr. per ton granted by their concession after passing a certain annual amount of tonnage, that I thought in return there might be a disposition to maintain the surtax at its present rate of 3 fr. per ton, until the total tonnage should reach 2,500,000 tons in one year, decreasing till it should be extinct at 3,000,000 tons a year, instead of the present limits of 2,100,000 to 2,600,000,

M. de Lesseps seemed to enter into this arrangement, and declared that, were this question settled, he would at once give way on the subject of the toll of 50 c. per ton levied on troop-ships for the passage of the tenders "Prompt" and "Hasty."

We then discussed the question of the measurement of vessels bearing the Board of Trade certificate, and he professed willingness to give up this also, but the head of his Administrative Department on the Canal, M. de Rouville, pointed out that the verification of these certificates is necessary in the interest of the shareholders; the

* See page 101 of Parliamentary Papers, "Egypt No. 2 (1876)."

certificate had in very many instances proved not to be issued in accordance with the recommendations of the Constantinople Commission, and that they could not therefore feel confidence in them.

I replied that I could not understand any error in the matter, as I knew that the instructions to tonnage Surveyors were very precise, and exactly based on the Constantinople rules. That I thought it likely there might be an error of interpretation on the Company's part, as I was aware of their having included certain spaces which were not intended; that I could answer for the sincere intention of the Board of Trade to give effect to the Constantinople recommendations in the Suez certificates.

M. de Rouville said that he could show me several instances of error, and promised to let me have a detailed statement of them.

I said that I would engage to lay them before the Board of Trade, and could promise that sufficient precautions should be taken to prevent a recurrence of error, but that I must insist that the certificates should be accepted in future without verification.

M. de Lesseps appeared disposed to accept this, and said that if the surtax question was arranged all other difficulties could be easily adjusted.

I said that on the basis of mutual concession, such as I have indicated, an agreement might be found, and I undertook to prepare a scheme of adjustment for discussion with him on his approaching visit to Cairo.

According to appointment, M. de Lesseps called upon me this morning to discuss the details which I had prepared.

After an examination of my figures as regards the revenue and expenditure of the Company, which he admitted to be correct, and looking through the calculation for the extension of the term for the reduction of the surtax, we came to that part which provided for the gradual reduction of the maximum of 10 francs per ton. He thereupon said that he had not understood that such was my intention; that they had a legal right to their maximum, and no one could touch it. I said that I was well aware of that, but that they could voluntarily forego it; that I proposed to him, for the advantage of maintaining the surtax for some time longer at its present rate to surrender a portion of the maximum, that I could not recommend the one unless accompanied by the other; that, if he was not prepared to reduce the maximum, I could not propose to your Lordship to extend the operation of the surtax, and that the negotiation must fall through.

On the subject of the extra toll on the troop-ships, I found him ready to comply with the demand of Her Majesty's Government that it should cease; he recognized the illegality of it, and promised that the regulation enacting it should be repealed.

The question of the measurement of vessels will, I think, be satisfactorily arranged, but I have not yet received M. de Rouville's statement.

M. de Lesseps, in the course of the conversation now reported, which lasted for two hours, traversed the whole ground of the tonnage controversy and reiterated the argument so often refuted. I explained to him that we started from two fundamental principles so entirely distinct that I could see no hope of agreement upon them: it was as useless for him to attempt to convince me, as I saw that it was for me to show him his error. He recognized this and admitted the loyalty of the course taken at Constantinople by the British Delegates, who acted strictly in accordance with what they considered the justice of the case.

This was really a great admission, and will show to your Lordship the cordial and friendly nature of the discussion which took place this morning.

No. 3.

Colonel Stokes to the Earl of Derby.

(Telegraphic.) *Cairo, January* 29, 1876.

WITH reference to my despatch of the 19th instant, I have had further conversation this morning with M. de Lesseps, in which he again urged the extension of the delay for reducing the surtax. I made the condition of the negotiation on the subject his acceptance of the Constantinople decisions.

He agreed to a written paper of which following is a translation:—M. de Lesseps engages to accept beforehand all that was done at Constantinople, if your Lordship will engage to bring about the commencement of the decrease of the surtax at a higher figure than that which has been fixed. He proposes three millions of tons, but I have not admitted so much.

I subsequently suggested an early first reduction followed at greater intervals than the arrangement provides for, and he accepted this idea of further reduction and final extinction.

Will your Lordship authorise me to treat officially with M. de Lesseps on these bases? Both Mr. Cave and General Stanton think they would lead to a satisfactory settlement. The engagement of Her Majesty's Government would extend to endeavouring to persuade the other Powers to accept such an arrangement as Her Majesty's Government may approve.

M. de Lesseps has promised me to move the Company to elect three Englishmen as members of the Council of Administration, and to obtain Viceroy of Egypt's sanction to the necessary modification of the Statutes to enable this.

I think that all the relations of Her Majesty's Government with the Company may be rendered entirely amicable if Her Majesty's Government will agree to this arrangement.

No. 4.

Colonel Stokes to the Earl of Derby.—(*Received January* 30.)

(Extract.) *Cairo, January* 21, 1876.

WITH reference to that part of my despatch of the 19th instant which mentions M. de Lesseps' promise to do away with the toll of 50 centimes per ton on the tonnage of vessels simply accompanied by their own tugs as tenders, I have the honour to inform your Lordship that I yesterday met M. de Lesseps, when he said that he had made inquiry about the toll in question, and that he found that it had been arranged, at the request of the Peninsular and Oriental and Messageries Maritimes Companies, who preferred to pay an extra charge on their vessels, in lieu of a toll on the tugs, which could thus pass and re-pass through the Canal without charge, and that this arrangement had been made before the alteration in tonnage in 1872.

I remarked that there could be no objection to a private arrangement between the Company and individual owners, but that it should not be made compulsory on all, because it was wrong in principle; that the British Admiralty had not concurred in it, and had for a long time protested against the charge.

I said that it was not the amount levied to which we raised objection, but that on principle we could not admit this virtual increase of the maximum granted by the Concession.

M. de Lesseps admitted that it was wrong in principle, and promised that the regulation should be repealed.

No. 5.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, January* 31, 1876.

HER Majesty's Government have had under their consideration your telegram of the 29th instant, stating the bases on which you request authority to treat with M. de Lesseps respecting the reduction of the surtax, and I have to authorize you to treat officially on the bases which you suggest.

You will impress upon M. de Lesseps the importance which Her Majesty's Government attach to the assurance given by him with regard to the election of three Englishmen to the Council of Adminstration.

I am, &c.
(Signed) DERBY.

No. 6.

Colonel Stokes to the Earl of Derby.—(*Received February* 14.)

My Lord, *Cairo, February* 4, 1876.

SINCE I have been in Egypt I have received several overtures from M. de Lesseps towards an arrangement of the existing difficulties with the Suez Canal

Company by which the Company should be placed in a better position for carrying out certain required works in the Canal than the present Tariff affords to them, and should then accept the decisions of the Sublime Porte.

Taking the concluding paragraphs of your Lordship's despatch of the 12th June, 1875,* to Lord Lyons as my guide, I have held one language to M. de Lesseps, namely, that the Company should first loyally submit itself to the authority of the Sublime Porte by strictly conforming to the recommendations of the International Commission of 1873, and that when that submission should have been frankly made, I was sure that Her Majesty's Government would be ready to consider in a friendly spirit any fair proposals for the improvement of the Canal, and for providing the funds required for that purpose.

Your Lordship's despatch of the 3rd August, 1874, to Sir H. Elliot,† maintained the same position.

I have the honour to report to your Lordship that M. de Lesseps is prepared to make such prior submission, and that, armed with the authority to treat with him which was conveyed in your Lordship's telegram of the 31st ultimo, I have drawn up with him an agreement, the rough draft of which I have the honour to inclose in this despatch.

The second Article in that Agreement stipulates that Her Majesty's Government shall undertake negotiations with the other Powers in order to bring about a modification of the surtax arrangement agreed upon in 1873. I therefore think that your Lordship may wish to know on what grounds a request for such modification can be supported, and I have the honour to report as follows on that point:—

The arrangement for the surtax was drawn up at Constantinople in 1873 by the International Tonnage Commission on such data as were at that time in my possession. It was based on the expenditure and receipts of the Company in 1872, as published in the "Suez Canal Journal," and on their Budget of Expenditure for 1873, communicated by M. de Lesseps to the French Minister of Commerce, and laid before us by the French Delegates; but we had not the Statutes of the Company. In calculating, therefore, the probable dividend which the shareholders would receive under the surtax we did not take into account all the deductions provided in Articles LXII and LXIII of the Statutes.

Two other elements in the calculation were also not taken into account, namely, the very rapid increase of the navigation which has occurred, and the creation of a heavier charge on the Company's revenue by the mode adopted for paying to the shareholders their arrears of interest for the three years and a half that the coupons were unpaid.

These two items may be said to have balanced each other, as the additional expenditure of 2,000,000 fr. a-year for this interest charge has been met by the improved income from the larger traffic, but as Article LXII deducts percentages for sinking and reserve funds before the net profits can be declared, and Article LXIII gives only 70 per cent. of the net profits to dividend, it is evident that to carry out the intentions of the International Commission, which avowedly contemplated providing a certain dividend, some modification of the delay in reducing the surtax ought to be made.

This can, I think, be done most advantageously, both for the public and the Company, by fixing certain dates at which the decreasing grades of surtax will take effect, and at which the maximum toll of the original Concession will also be levied.

I have, &c.

(Signed) J. STOKES.

Inclosure in No. 6.

Draft of an Agreement with M. de Lesseps for his submission to the Porte, and modification of Surtax Arrangement.

ENTRE M. Ferdinand de Lesseps, G.C.S.I., &c., Président Directeur de la Compagnie Universelle du Canal Maritime de Suez, ayant pleins pouvoirs du Conseil d'Administration d'une part, et M. le Colonel John Stokes, C.B., &c., autorisé par le Gouvernement de Sa Majesté Britannique d'autre part, a été convenu ce qui suit:—

1. M. de Lesseps s'engage à faire accepter d'avance par la dite Compagnie tout ce

* See "Egypt No. 2 (1876)," p. 106. † Ibid., p. 4.

qui a été fait à Constantinople relativement à la question de tonnage pour le tarif de transit, par le dit Canal de Suez, conformément au rapport final de la Commission International du 18 Décembre, 1873, et adopté par la Porte Ottomane.

Art. 2. En échange de cette déclaration le Gouvernement Britannique se chargera des négociations qui auront pour résultat de remplacer la disposition actuelle sur l'abaissement de la surtaxe par un arrangement en vertu duquel le premier abaissement de 50 centimes commencerait le 1er Janvier, 1877 ; le second abaissement de 50 centimes le 1er Janvier, 1879 ; le troisième le 1er Janvier, 1881 ; le quatrième le 1er Janvier, 1882 ; le cinquième le 1er Janvier, 1883 ; et le sixième le 1er Janvier, 1884 ; de sorte qu'à partir de cette dernière date la surtaxe serait éteinte et le maximum de 10 francs par tonne du tonnage net officiel serait seul prélevé.

Art. 3. M. de Lesseps prend l'engagement que la Compagnie exécutera les travaux extraordinaires de construction en dehors des travaux d'entretien ordinaires pour une somme d'un million de francs par an pendant trente ans.

Art. 4. Aussitôt que le Gouvernement Britannique aurait fait connaître à M. de Lesseps le résultat favorable de la négociation dont il s'agit à l'Article 2 ci-dessus, M. de Lesseps retirera toutes les protestations contre la Porte Ottomane.

(Paraphé) F. L. J. S.

Ismaïlia, le 3 *Février*, 1876.

(Translation.)

THE following has been agreed upon by M. Ferdinand de Lesseps, G.C.S.I., &c., President and Director of the "Compagnie Universelle du Canal Maritime de Suez," provided with full powers by the Council of Administration on the one side, and Colonel J. Stokes, C.B., &c., empowered by Her Britannic Majesty's Government on the other side :—

Article 1. M. de Lesseps engages to induce the Company to accept beforehand all that was done at Constantinople relative to the tonnage question for the transit tariff by the Suez Canal, conformably with the final report of the International Commission of 18th December, 1873, and adopted by the Ottoman Porte.

Art. 2. In exchange for this declaration, the British Government will charge itself with negotiations which shall have for result to substitute for the present provisions for the reduction of the surtax an arrangement in virtue of which the first reduction of half a franc would commence on the 1st of January, 1877, the second reduction of half a franc on the 1st of January, 1879, the third on the 1st of January, 1881, and so on, half a franc per annum, so that from the 1st of January, 1884, the surtax should be extinguished and the maximum of 10 fr. per ton of the official net tonnage should alone be levied.

Art. 3. M. de Lesseps takes the engagement that the Company will execute additional works of construction over and above the usual works of maintenance to the extent of 1,000,000 fr. a year during thirty years.

Art. 4. As soon as the British Government shall have made known to M. de Lesseps the favourable result of the negotiations mentioned in Article 2 above, M. de Lesseps will withdraw all his protests against the Ottoman Porte.

No. 7.

Colonel Stokes to the Earl of Derby.—(Received February 14.)

(Extract.) *Cairo, February* 4, 1876.

ON receipt of your Lordship's telegram of the 31st ultimo, authorizing me to treat officially with M. de Lesseps on the bases stated in my telegram of the 29th, I arranged to go down to Ismaïlia yesterday, as M. de Lesseps had left Cairo. By the kindness of His Highness the Khedive I was provided with a special train, which effected a great saving of time and enabled me to return early this morning.

I have drafted with M. de Lesseps, an agreement, subject to the approval of Her Majesty's Government, the substance of which I have this day fully telegraphed to your Lordship. and have given reasons for having introduced a different mode of delaying the extinction of the surtax from that authorized as a basis of my negotiation by your Lordship's telegram, which I have now the honour to explain more fully.

In the first place, I may observe that the difference is rather in form than in

effect, although it involves advantages to both sides—possible ones to the Company, and real ones to the shipping interest, which I think more than counterbalance the former.

In order to weigh these advantages properly it is necessary to estimate the probable growth of the transit trade of the Canal.

The increase of net tonnage in 1875 over 1874 was 378,333 tons, or 23 per cent.; but this can hardly be considered a normal rate, as special circumstances contributed to swell the total for last year. The settlement of the dues difficulty in 1874 gave an impulse to the traffic, as shipowners who had stopped increasing their fleets of special vessels for the Canal during the illegal proceedings of the Company, 1872-74, resumed their enterprizes, which were further encouraged by a fall in the high prices of coal and iron.

The unusual number of troops sent through the Canal by France, Holland, and Turkey last year, also increased the tonnage.

As the different companies have now nearly completed their fleet of steamers the traffic approaches a more regular figure, and the increase will hardly go on at so rapid a rate as in the first years of the Canal's working.

On account of the dues having been levied for a portion of three years on gross tonnage, it is nearly impossible to draw correct inferences from the tonnage returns of the Company. I am, therefore, obliged to take the numbers only of vessels which have passed through the Canal in the last six years.

Those numbers are as follows:—

Year.	Number of Vessels.	Increase on preceding Years.	Percentage on preceding Year.
1870	489	..	..
1871	763	274	56
1872	1,082	319	41·8
1873	1,173	91	8·4
1874	1,264	91	7·7
1875	1,494	230	18·0

When it is considered that the mean net tonnage per vessel was:—

In 1870	891
1871	998
1874	1,290
And in 1875	1,345

the increase of 1875 becomes more striking. That it is exceptional may, I think, be admitted, and, therefore, that I am justified in taking only 200,000 tons per annum as the probable future rate of increase.

At this rate the surtax would, under the existing arrangement, be levied in 1877 at the rate of 2 fr. per ton, and in 1878 at 1 fr., ceasing altogether in 1879; but it has been generally recognized that some improvement on this must be given to the Company, and the question is how and to what extent should it be given.

M. de Lesseps' demand was that the present rate of surtax should be maintained till the net tonnage should reach 3,000,000 tons in one year, which, at an increase of 200,000 tons per annum, would not be till the year 1880, so that the present high rate of 3 fr. per ton would be maintained for four years after the present year, and no reduction would take place till the 1st of January, 1881, after which the toll would fall by 1 fr. a-year till it would cease altogether on the 1st of January, 1884.

The other basis suggested in my telegram of the 29th ultimo was to make an early reduction of the present surtax, and to reduce it more gradually than 50 c. per ton for every annual increment of 100,000 tons.

The inclosed paper shows the operation of such an arrangement, making the necessary deductions for the lower rate paid by vessels of war, troop ships, and vessels in ballast, which do not pay surtax, and allowing for the reductions on the net profits provided for by the statutes of the Company. It proves that, in order to ensure to the shareholders a dividend of $1\frac{4}{5}$, increasing to $3\frac{1}{4}$ per cent., in addition to their assured 5 per cent. interest, no reduction of surtax could be made until the net tonnage should reach 2,600,000 tons; that the second reduction of 50 c. per ton could not be made till the tonnage should reach 2,800,000 tons; and that thenceforward the reduction of $\frac{1}{2}$ fr. per ton should be made only for every additional 200,000 tons. At this rate the

surtax would only begin to decrease on the 1st of January, 1879, and would not cease altogether till the 1st of January, 1885.

The arrangement now made with M. de Lesseps provides for a first reduction to 12½ fr. per ton toll and surtax on the 1st of January, 1877, instead of to 12 fr., which would take place if the present arrangement were maintained, and then fixes regular dates for the subsequent reductions till the surtax disappears on the 1st of January, 1884.

It compares favourably with the two preceding arrangements, inasmuch as it provides for an earlier reduction of the tax—in the one case four years, in the other two years earlier—and therefore affords an immediate relief to shipping. It gives the Company, on the one hand, the benefit of any more rapid increase than that estimated, but, on the other, it ensures to the mercantile interest a cessation of the surtax, whatever may be the increase, great or small, and enables merchants to calculate exactly the charges that they will have to pay in the future.

Apart from these considerations, there is another, namely, that other Governments will probably be more disposed to accept this reduction of the surtax at given dates than to postpone its decrease till the tonnage arrives at higher figures.

To fix these figures the whole question of the receipts and expenditure of the Company would be brought under discussion, and the chances of an arrangement be very much diminished.

I cannot but regard the present arrangement as a most advantageous one, as it lays to rest for ever all the disputes with the Company, and enables it to carry out certain works which are unquestionably most desirable.

Inclosure in No. 7.

CALCULATION showing the effect on the Suez Canal dividends of a postponement in the decrease of Surtax till the net tonnage in one year reaches 2,600,000, and of extending the interval for subsequent reduction to 200,000 tons for each decrease of 50 centimes.

Net Tonnage.		Fr.
	Fr.	
	2,600,000	
Deduct	120,000 for ships of war, troop ships, and ships in ballast.	
	2,480,000 at 13 fr.	32,240,000
	120,000 at 10 fr.	1,200,000
		33,440,000
Deduct—Annual expenditure*		28,000,000
		5,440,000
Deduct—Reserve fund, 5 per cent.		272,000
		5,168,000
Available for dividend to shareholders, 70 per cent.		3,617,000
Say equal to 1¼ per cent.		

Net Tonnage.		Fr.
	Fr.	
	2,800,000	
Deduct	120,000 for ships of war, &c.	
	2,680,000 at 12½ fr., equal to	33,500,000
	120,000 at 10 fr. equal to..	1,200,000
		34,700,000
Deduct annual expenditure		28,000,000
		6,700,000
Deduct Reserve Fund, 5 per cent.		335,000
		6,365,000
Available for dividend, 70 per cent.		4,455,000
Say equal to 2¼ per cent.		

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* This sum includes the 1,000,000 francs which M. de Lesseps engages to spend annually on new works for thirty years.

I have gone very carefully into the amounts, and believe that this sum of 28,000,000 fr. may be considered accurate.

Net Tonnage.

	Fr.	Fr.
	3,000,000	
Deduct	120,000 for ships of war, &c.	
	2,880,000 at 12 fr., equal to	34,560,000
	120,000 at 10 fr., equal to	1,200,000
		35,760,000
Deduct annual expenditure		28,000,000
		7,760,000
Deduct reserve fund, 5 per cent.		388,000
		7,372,000
Available for dividend, 70 per cent.		5,160,400

Say equal to $2\frac{1}{2}$ per cent.

Net Tonnage.

	Fr.	Fr.
	3,200,000	
Deduct	120,000 for ships of war, &c.	
	3,080,000 at $11\frac{1}{2}$ fr., equal to	35,420,000
	120,000 at 10 fr., equal to	1,200,000
		36,620,000
Deduct annual expenditure		28,000,000
		8,620,000
Deduct reserve fund, 5 per cent.		431,000
		8,189,000
Available for dividend, 70 per cent.		5,732,300

Say equal to $2\frac{3}{4}$ per cent.

Net Tonnage.

	Fr.	Fr.
	3,400,000	
Deduct	120,000 for ships of war, &c.	
	3,280,000 at 11 fr., equal to..	36,080,000
	120,000 at 10 fr., equal to..	1,200,000
		37,280,000
Deduct annual expenditure		28,000,000
		9,280,000
Deduct reserve fund, 5 per cent.		464,000
		8,816,000
Available for dividend, 70 per cent.		6,171,200

Say equal to 3 per cent.

Net Tonnage.

	Fr.	Fr.
	3,600,000	
Deduct	120,000 for ships of war, &c.	
	3,480,000 at $10\frac{1}{2}$ fr., equal to	36,540,000
	120,000 at 10 fr., equal to	1,200,000
		37,740,000
Deduct annual expenditure		28,000,000
		9,740,000
Deduct reserve fund, 5 per cent.		487,000
		9,253,000
Available for dividend, 70 per cent.		6,477,100

Say equal to $3\frac{1}{4}$ per cent.

Net Tonnage.

Fr.	Fr.
3,800,000 at 10 fr., equal to..	38,000,000
Deduct annual expenditure	28,000,000
	10,000,000
Deduct reserve fund, 5 per cent.	500,000
	9,500,000
Available for dividend, 70 per cent.	6,650,000

Say equal to 3¼ per cent.

No. 8.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, February* 14, 1876.

HER Majesty's Government entirely approve the very judicious treatment of the several questions which you have discussed with M. de Lesseps with the view of arriving at some satisfactory basis of arrangement with regard to the tonnage dues and the future management of the Suez Canal, and I have to inform you that instructions will be sent to you hereafter upon this subject.

I am, &c.
(Signed) DERBY.

No. 9.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, February* 17, 1876.

HER Majesty's Government have had under their consideration the proposed arrangements with M. de Lesseps for the settlement of the Suez Canal dues, and I have to inform you that they approve the four Articles of the Agreement which you propose to make with M. de Lesseps on that subject.

With regard to the stipulation in the 3rd Article—that the Company should execute additional works of construction over and above the usual works of maintenance, to the extent of 1,000.000 fr. a-year during thirty years, it would, of course, be necessary that a general statement of the works on which that amount is to be annually expended should be furnished by M. de Lesseps, and that proof should be given from time to time of the sum in question having been duly and properly spent.

The question of the representation of Her Majesty's Government on the Council and Committee can be dealt with subsequently.

You will make arrangements with M. de Lesseps at once for drawing up a Protocol on the above basis, adding an article to the effect that M. de Lesseps engages to come to an understanding with Her Majesty's Government for their representation on the Council and Committee of the Company.

I am, &c.
(Signed) DERBY.

No. 10.

Colonel Stokes to the Earl of Derby.—(Received February 19.)

My Lord, *Cairo, February* 12, 1876.

I HAVE the honour to forward for your Lordship's information some statistical returns showing the amount of traffic which has passed through the Suez Canal from its opening up to the present time.

No. 1 is a return of the whole traffic arranged by flags from the 1st December, 1869, to 31st December, 1875, and showing the amount of dues received each half-year during that time.

No. 2 shews the net as distinguished from the gross tonnage. The "tonnage

imposable" of No. 1, comprised for the years 1872, 1873, and 1874, a considerable amount of gross tonnage, so that it was impossible to draw from it, or from the yearly returns published, any accurate conclusion of the rate of increase. In this No. 2 return, I have given the increase of net tonnage yearly. The effect of the increased toll laid on in 1872 is seen in the check given to the increase in 1873 and 1874. The year 1875 shows a great rebound, and whilst its tonnage is 23 per cent. higher than that of 1874, the number of ships in this single year is 23.8 per cent. of the whole number that have passed during the six years, and their tonnage 27.2 per cent. of the whole. I do not, however, suppose that the same rate of increase can be maintained, as the trade will settle down to normal figures as the different lines are established.

No. 3 is a detailed return of the traffic of 1875, and No. 4 is a return of the traffic for the month of January, 1876, which shews an increase of 20.5 per cent. on the same month of 1875.

I have, &c.
(Signed) J. STOKES.

Inclosure 1 in No. 10.

GENERAL RETURN of the Navigation and Receipts in the Suez Maritime Canal from the 1st December, 1869, to the 31st December, 1875.

Number of Vessels.	Flag.	Taxable Tonnage.	Receipts. Fr.	c.
4,347	English	6,276,070·227	76,723,970	83
478	French	903,655·753	10,747,982	52
345	Austro-Hungarian	335,306·733	4,463,853	24
168	Dutch	277,466·079	3,631,428	13
292	Italian	254,315·167	3,104,353	71
82	Spanish	115,148·969	1,502,187	00
140	Ottoman	99,810·120	1,485,704	02
118	German	117,591·411	1,397,526	84
118	Egyptian	79,012·225	1,027,755	11
48	Russian	61,926·413	769,676	62
30	Norwegian	39,337·384	501,398	64
26	Danish	23,590·300	314,770	98
22	Swedish	18,745·932	246,761	64
24	Portuguese	17,399·848	215,742	09
10	American	13,642·412	143,829	00
9	Belgian	12,220·070	129,904	36
4	Japanese	2,450·980	30,650	11
7	Greek	1,234·910	19,954	39
3	Burmese	1,494·350	16,238	50
1	Peruvian	1,299·340	13,770	40
1	Zanzibarian	881·260	9,517	58
1	Tunisian	726·000	8,128	50
1	Sarawakian	117·020	1,270	70
6,275		8,653,442·903	106,506,374	91
	Add other imposts than those special to the passage of ships, such as—Barges, passengers, sundries, &c.		1,750,987	32
	General Total		108,257,362	23

Details of Vessels by Classes.

Merchant Steamers	4,406
Postal Steamers	1,107
Sailing Vessels	245
Transports	167
Avisos	98
Corvettes	91
Yachts	53
Gunboats	33
Frigates	20
Tugs	36
Pontons	9
Monitors	3
Sloops	2
Lighters	2
Floating Workshops	2
Marine Dredger	1

Details of Passengers by Classes.

English Troops	93,066
Ottoman do.	80,885½
French do.	35,148
Dutch do.	17,629
Spanish do.	6,383
Portuguese do.	2,891
Mussulman Pilgrims	51,285½
Civil Passengers	71,748½
Total	359,03$\frac{1}{2}$6
Vessels by the Mediterranean	3,386
„ Red Sea	2,889

Progression of Receipts.

	Half-Yearly.			Yearly.		
	Ships.	Fr.	c.	Ships.	Fr.	c.
December 1869	10	49,600	42	10	49,600	42
1st Half-Year 1870	223	2,149,330	61	489	5,048,393	55
2nd „ 1870	266	2,899,062	94			
1st „ 1871	359	4,001,871	28	763	8,873,221	73
2nd „ 1871	404	4,871,350	45			
1st „ 1872	587	7,081,694	96	1,082	16,232,920	18
2nd „ 1872	495	9,151,225	22			
1st „ 1873	652	11,785,443	59	1,173	22,777,311	13
2nd „ 1873	521	10,991,867	54			
1st „ 1874	642	12,553,262	19	1,264	24,748,900	01
2nd „ 1874	622	12,195,637	82			
1st „ 1875	822	15,197,591	02	1,494	28,776,027	89
2nd „ 1875	672	13,578,436	87			
General Total				6,275	106,506,374	91

Inclosure 2 in No. 10.

RETURN of the Number and Tonnage of Ships passing through the Suez Canal from 1870 to 1875.

Year.	No. of Ships.	Gross Tonnage.	Net Tonnage.	Increase of net Tonnage.	Per cent. of Increase on previous Year.
1870	489	654,914·060	436,609·370	..	..
1871	763	1,142,200·575	761,467·050	324,857·680	74
1872	1,082	1,744,481·340	1,158,582·893	397,115·843	50
1873	1,173	2,085,421·597	1,367,777·820	209,194·927	18
1874	1,264	2,421,803·219	1,631,650·140	263,872·320	19
1875	1,494	2,940,708·459	2,009,984·091	378,333·951	23

Inclosure 3 in No. 10.

RETURN of Tonnage and Dues of Ships passing through the Suez Canal during the Year 1875.

No. of Ships.	Nationality.	Gross Tonnage.	Net Tonnage.	Dues.	
				Fr.	c.
1,061	English	2,181,998·130	1,476,775·263	21,117,099	11
84	French	226,445·959	161,105·870	2,205,202	60
59	Dutch	180,740·280	90,179·510	1,330,066	00
64	Austro-Hungarian	92,078·630	65,187·514	1,016,089	12
57	Italian	79,783·243	58,033·622	829,172	13
21	Spanish	43,962·970	31,891·752	465,741	94
35	German	45,270·047	32,208·865	440,474	20
33	Egyptian	34,200·121	22,275·596	321,722	93
15	Russian	24,523·800	18,000·998	255,568	98
17	Danish	21,955·990	14,447·730	213,843	63
10	Norwegian	21,160·960	14,074·410	208,551	11
19	Turkish	16,117·840	9,822·668	155,924	91
11	Swedish	11,422·040	8,412·575	121,316	22
4	Portuguese	4,303·995	2,848·146	40,989	10
2	American	5,168·074	3,701·732	39,406	70
1	Japanese	1,400·880	900·820	13,588	51
1	Sarawak	175,500	117·020	1,270	70
1,494	Total	2,940,708·459	2,009,984·091	28,776,027	89

Description of Ships.	
Merchant steamers	1,101
Mail steamers	280
Transports	36
Despatch boats	19
Yachts	10
Corvettes	10
Frigates	8
Gun-boats	7
Sailing-ships	14
Tugs	7
Barges	2
Total	1,494
Ships from the Mediterranean	798
„ „ Red Sea	696

Passengers.	
Military—	
English	20,039
Turkish	9,185
Dutch	6,662
French	6,250
Spanish	980
Portuguese	976
Pilgrims (Mussulmen)	17,088
Passengers (civilians)	19,623
Total	80,803

Inclosure 4 in No. 10.

RETURN of the Number and Tonnage of Ships which have passed through the Suez Canal, during the Month of January 1876.

Number of Ships.	Nationality.	Gross Tonnage.	Nett Tonnage.	Dues. Fr. c.
110	English	223,695·055	151,893·962	2,178,685 60
6	French	14,631·606	10,558·249	144,279 01
6	Italian	9,557·618	6,939·043	96,901 49
3	Dutch	9,545·070	6,143·760	89,818 38
5	Austrian	6,649·765	4,758·175	75,474 51
2	Spanish	3,734·940	2,952·530	41,139 89
2	Norwegian	4,059·760	2,809·540	40,459 17
4	Egyptian	3,367·350	2,704·420	35,432 43
2	German	2,985·140	2,073·857	29,077 14
1	Russian	1,571·120	1,241·130	17,374 01
1	Danish	1,527·440	976·650	14,484 60
142		281,324·864	193,051·316	2,763,126 23

Of which 106 were merchant steamers.		Passengers—	
25 „	mail steamers.	English troops	2,101
4 „	sailing vessels.	Dutch „	499
2 „	transports.	Turkish „	192
2 „	yachts.	Mussulman pilgrims	771
1 „	corvette.	Civilians	1,647
1 „	despatch boat.		
1 „	sea dredger.	Total	5,210

90 ships from the Mediterranean, 52 ditto from the Red Sea.

No. 11.

Sir E. Harris to the Earl of Derby.—(*Received February* 19.)

My Lord, *The Hague, February* 14, 1876.

THE Minister for Foreign Affairs said to me to-day that he had read with much interest the details respecting the purchase of the Suez Canal shares by the British Government, and he authorized me to express to your Lordship the satisfaction of his Government at a transaction which they considered would give stability to the enterprize, as well as contribute to the maintenance of its independent neutrality; matters of vital importance to Holland in her communications with her East Indian Colonies.

I have, &c.

(Signed) E. A. J. HARRIS.

No. 12.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, February* 23, 1876.

WITH reference to your telegrams and to your previous reports, I have much pleasure in acquainting you that Her Majesty's Government are highly satisfied with the promptitude and ability displayed by you in your negotiations with M. de Lesseps for the settlement of the tonnage dues, and the future management of the Suez Canal.

I am, &c.

(Signed) DERBY.

No. 13.

Colonel Stokes to the Earl of Derby.—(Received March 5.)

My Lord, *Cairo, February* 23, 1876.

IN my despatch of the 4th instant I had the honour to send your Lordship a draft Agreement drawn up and initialed by M. de Lesseps and myself, under which a mode of putting an end to the difficulties between the Suez Canal Company and the Maritime Powers was found.

On the 18th instant I received the approval of Her Majesty's Government to this agreement, and at once placed myself in commnnication with M. de Lesseps, who was at Ismaïlia, with a view to arranging a meeting for the conclusion of the arrangement.

On the 21st M. de Lesseps met me at this place, and we signed the agreement on that day, as reported to your Lordship by telegraph.

I also, as desired by your Lordship, drew up a Protocol giving an account of my negotiations with M. de Lesseps since I received instructions to treat with him officially, beginning with our interview of the 3rd of February at Ismaïlia, and terminating with that of yesterday, when M. de Lesseps affixed his signature to it.

This document records the settlement of several points which could not very well be introduced into the agreement which is annexed to it, but it may be considered as equally binding.

Your Lordship will perceive that the Protocol goes further than required by your Lordship, and that the following points are regulated by it:—

1. M. de Lesseps has taken the necessary steps to secure beforehand the approval of His Highness the Khedive to a modification in the statutes of the Company fixing the number of Administrators, which is required before a proportion of English members can be admitted into the Council.

2. He engages to take the necessary steps for bringing about a vote of the general meeting of shareholders towards this end.

3. M. de Lesseps undertakes to make one of the three English Administrators, when elected to the Council, an Honorary Member of the Committee of Direction until a vacancy in that Committee shall allow of one Englishman being elected to a regular seat in it.

4. He is ready to facilitate a decision that the severance of the coupons from the shares bought by Great Britain shall not deprive her of the right to vote in the general meetings of the shareholders.

5. M. de Lesseps engages to alter Article 14 of the Regulations for the navigation of the Canal, so as to abolish the compulsory payment of 50 c. a ton on the tonnage of vessels accompanied, but not towed, by tug steamers belonging to their owners.

6. M. de Lesseps also engages to put an end at once to the remeasurement of vessels bearing Suez certificates.

In compliance with the instructions contained in your Lordship's telegram of the 17th instant, I proposed to M. de Lesseps that he should furnish a general statement of the works on which the annual million of francs is to be expended, and should state from time to time that this sum has been duly and properly spent.

As stated in the Protocol I could not but admit that it would not be easy to make a formal statement of the works on which the 30,000,000 fr. are to be spent during thirty years; nor do I think it desirable even if it could be done, as in the course of time other more pressing requirements might arise, and it would be only an embarrassment, were the Company tied down to a schedule of works established so long beforehand.

The best guarantee for the money being devoted to works really useful to the

navigation will consist in the presence in the Company's Council of Administrators named by Her Majesty's Government.

M. de Lesseps has undertaken that the money shall be so spent, and he will shortly furnish a schedule of the first works to be executed, which are mostly those which have long been called for by persons interested in the navigation of the Canal.

On the subject of accounting for the expenditure I trust that your Lordship will deem the explanation on this subject given by M. de Lesseps in the Protocol quite satisfactory.

As my telegrams have kept your Lordship fully informed on all points, I do not think that I need add to this despatch further than to say that I have found M. de Lesseps most conciliatory and anxious to arrive at an understanding, and ready to go as far as his duties to his shareholders would allow him in removing the existing difficulties. The Protocol of our discussions will, I think, show this, and that I have endeavoured to make every allowance for M. de Lesseps' position whilst compelled on some points, which I deem of importance, to insist on the acceptance of our conditions.

The point which gave rise to most difficulty was that of the remeasurement of vessels by the Company, but I am glad to be able to say that I finally induced M. de Lesseps to give way, in a manner much to his honour.

I have undertaken to bring before your Lordship his observations on the subject of the Suez Canal special certificates.

Your Lordship's letter of appointment of the 6th of December, 1875, directed me to confer with Her Majesty's Agent and Consul-General on the subject of the Suez Canal. I have the honour to express my warm acknowledgments of the assistance I have derived from Major-General Stanton's advice and co-operation in carrying out the instructions of Her Majesty's Government.

I have, &c.
(Signed) J. STOKES.

Inclosure in No. 13.

Protocole d'une Conférence tenue à Ismaïlia sur le bord du Lac Timsah, pour un arrangement qui mettra fin aux différends entre les Puissances Maritimes et la Compagnie Universelle du Canal Maritime de Suez, le 3 *Février,* 1876.

Présents :

M. Ferdinand de Lesseps,
M. le Colonel Stokes.

SE référant à ses pourparlers avec M. de Lesseps qui avaient eu lieu entre les 10 et 29 Janvier, de cette année, sur l'initiative du Président Directeur de la Compagnie, M. le Colonel Stokes l'informe qu'il a télégraphié à son Gouvernement dans les termes de la dépêche qui était convenue entre eux le 29 Janvier et qui était ainsi conçue :—

"M. de Lesseps s'engage à accepter d'avance tout ce qui a été fait à Constantinop'e, si votre Excellence veut s'engager de provoquer le commencement de la décroissance de la surtaxe à un chiffre supérieur à celui qui a été fixé. Il propose 3,000,000 tonnes, moi je n'ai pas admis autant."

Et qu'en réponse il a reçu l'autorisation du Gouvernement de traiter officiellement avec M. de Lesseps sur les bases de son télégramme.

Le Colonel Stokes dit que ces bases portaient sur une décroissance de la surtaxe accordée à la Compagnie par la Sublime Porte en 1874, sous des conditions différentes de celles alors convenues. Il rappèle que ce même 29 Janvier, M. de Lesseps lui a donné copie d'une lettre d'un des Vice-Présidents du Conseil d'Administration à Paris, qui fixait à 30,000,000 fr. par an le chiffre que la Compagnie devrait dépenser avant de pouvoir compter les bénéfices nets en calculant largement pour toutes les éventualités.

Le Colonel Stokes dit que dans le but de pouvoir débattre cette question avec M. de Lesseps en pleine connaissance de cause il a fait un calcul des recettes et des dépenses de la Compagnie, tiré des comptes publiés ; que, suivant ce compte, la somme à couvrir avant de réaliser les bénéfices nets est de 26,500,000 fr., et non pas 30,000,000.

M. de Lesseps a répondu qu'il croyait son chiffre exact, mais il s'est montré très disposé à examiner les comptes de la Compagnie avec M. Stokes pour pouvoir arriver à une entente.

Dans ce but il a appelé M. de Rouville, chef du service de transit de la Compagnie

sur le Canal, et on a passé en revue les chiffres des comptes pour les années 1874 et 1875.

En les examinant il a été montré que certains chiffres des recettes extraordinaires des années précédentes ne seront pas de la même importance dorénavant et que d'autre côté quelques unes des dépenses seront plus fortes dans l'avenir.

Par suite de cet examen M. Stokes a admis qu'au lieu de 26,500,000 fr. qu'il a pris comme chiffre de dépense normale à couvrir par le taux de transit il faut élever ce chiffre à 28,000,000 fr.

Le calcul qui l'établit est ci-joint. Suivant ce chiffre on a constaté que la décroissance de la surtaxe pour donner un dividende de 2½ pour cent aux actionnaires, au delà de leur 5 pour cent, ne serait possible avant que le tonnage arrive à 2,600,000 tonnes dans une année.

M. Stokes dit qu'il pourrait difficilement proposer à son Gouvernement un tel délai avant le commencement de la décroissance, qui devait avoir lieu l'année prochaine.

Aussi, dit-il, avant de pouvoir persuader tant de Gouvernements intéressés il faudrait des longs débats sur les chiffres, qui mettraient en danger la réussite des négociations proposées. Il soumet donc à M. de Lesseps un autre mode de faire la décroissance, savoir par les dates fixes au lieu du tonnage, mais il ajoute que n'étant pas autorisé à traiter sur cette base il fait une proposition personelle qu'il doit réserver à l'approbation de son Gouvernement. Sous cette réserve il propose que dès le 1er Janvier, 1877, la surtaxe sera diminuée d'un demi franc: qu'elle restera au taux de 2½ pendant deux ans, et qu'à partir du 1er Janvier, 1879, elle subira une nouvelle réduction d'un demi franc par an, jusqu'à ce qu'elle soit éteinte.

M. de Lesseps dit que le principe de ce mode de décroissance lui paraît préférable au mode actuel. Il y reconnaît des avantages pour la navigation, car les négociants sauront d'avance les conditions de transit en chaque année, et il y voit pour les Gouvernements une solution de la question plus facile qu'un changement des chiffres du tonnage. Ce dernier mode aurait des difficultés non seulement pour l'appréciation exacte de l'opération des chiffres de tonnage, mais il nécessiterait un scrutin des recettes et des dépenses de la Compagnie qui pourrait empêcher l'accord.

Quant aux détails de la proposition de M. Stokes, M. de Lesseps, sur une observation de M. de Rouville, indiquait que cet arrangement exposerait la Compagnie à souffrir une diminution de revenu précisément au moment où elle aurait besoin de l'argent, pour exécuter les travaux que, suivant l'engagement qu'il doit donner, elle aurait à entreprendre.

Le Colonel Stokes insiste qu'il est nécessaire de donner au commerce la satisfaction d'une première réduction qu'il aurait l'année prochaine, si l'arrangement actuel est maintenu. Il indique qu'avec le taux de progression actuel du mouvement maritime la réduction en 1877 serait probablement d'un franc par tonne, même peut-être de 1 fr. 50 c. Il ne supposait pas que 1876 montrerait le même chiffre en avant de 1875, que cette dernière année a donné en excès de 1874, mais qu'il y a lieu de croire qu'en deux ou trois ans la surtaxe serait éteinte.

M. de Lesseps a dit que, suivant les avis maritimes, il n'y a pas un grand nombre de nouveaux bâtiments en construction pour la navigation par le Canal, et il ne s'attendait pas à un plus grand accroissement du mouvement que de 200,000 tonnes par an. Il voudrait que la surtaxe de 2 fr., 50 c. fut maintenue pendant trois ans.

M. Stokes croyait que cela ne serait pas accepté, mais il est prêt à recommander que le taux après la seconde réduction, savoir 2 fr., serait aussi continué pendant deux ans.

M. de Lesseps accepte cette modification, et un projet d'arrangement est ensuite rédigé que M. Stokes s'engage à soumettre à son Gouvernement pendant que M. de Lesseps de son côté le soumettrait au Conseil d'Administration. Ce projet était paraphé.

Par rapport à l'Article II, il est convenu que le Gouvernement de Sa Majesté fera de son mieux pour faire accepter en principe et en détail les conditions y inscrites, et qu'en ce qui concerne l'Article IV, M. de Lesseps retirera formellement ses protestations contre la Sublime Porte aussitôt que le Gouvernement de Sa Majesté l'informe que les Puissances sont d'accord, et avant qu'un instrument y relatif ait été conclu.

Par rapport à l'Article III, M. de Lesseps entreprendra dès à présent une partie des travaux les plus urgents, et il aura soin que le million de francs à dépenser annuellement sera consacré en premier lieu aux travaux qui intéressent le plus la navigation.

Le Colonel Stokes alors réprend la question déjà discutée dans les pourparlers, de la part que le Gouvernement de Sa Majesté Britannique pourrait prendre dorénavant dans l'Administration de la Compagnie.

M. de Lesseps lui annonce qu'il a écrit le 29 Janvier au Comité de Direction du Canal dans le sens de ses observations au Colonel de ce jour là, qui portaient sur la

possibilité d'adhérer au désir du Gouvernement en augmentant de nouveau le nombre des Administrateurs de 21 à 24 pour admettre des Administrateurs Anglais, en conformité avec les provisions des Statuts de la Compagnie. Il ajoute qu'il a soumis à Son Altesse le Khédive l'idée d'une telle modification des Statuts, que Son Altesse y a adhéré, et qu'il va prendre les dispositions nécessaires pour que cette modification soit votée par l'Assemblée Générale des Actionnaires qui probablement aura lieu au mois de Mai prochain.

Le 4 Février M. de Lesseps remet à M. le Colonel Stokes une lettre sur la question de l'Administration et des votes qui est jointe à ce Protocole. (Annexe No. 2.)

Continué au Caire, le 21 *Février.*

Présents :

M. de Lesseps.
M. le Colonel Stokes.

M. de Lesseps annonce que le Conseil d'Administration à Paris a donné son adhésion à ce qui a été provisoirement convenu entre lui et M. Stokes le 3 de ce mois.

M. le Colonel Stokes communique également l'approbation donnée par le Gouvernement de Sa Majesté la Reine de la Grande Bretagne aux quatre articles de cette Convention.

Il dit cependant qu'il a l'ordre du Gouvernement de demander à ce que M. de Lesseps fournit, par rapport à l'Article III, un état général des travaux sur lesquels le million annuel sera dépensé et que de temps en temps il en rendra un compte.

M. de Lesseps observe qu'il est difficile de fixer trente ans en avant tous les détails de ces dépenses, que le Gouvernement par ses représentants sur le Conseil d'Administration aura un contrôle efficace sur les dépenses, qu'en outre, la loi en France sur les opérations d'une société anonyme est tellement stricte que l'on ne peut pas confondre les frais de construction et les frais d'entretien, que, par conséquent, ce million annuel ne peut pas être dépensé sur autres choses que le chapitre des nouvelles constructions, et que cette dépense doit prendre précédence de toute autre dépense annuelle avant de distribuer les intérêts aux actionnaires. Il dit que les ingénieurs de la Compagnie ont déjà reçu l'ordre de dresser des plans et dévis pour les travaux les plus urgents.

Le Colonel Stokes dit qu'après ces explications il n'insiste pas sur un changement de l'Article III.

Les Articles sont alors signés en double original et annexés au present Protocole No. 3.

M. de Lesseps ensuite présente au Colonel Stokes la copie d'une lettre qu'il venait de présenter au Khédive pour assurer d'avance l'adhésion de Son Altesse à la modification des Statuts de la Compagnie qui admettrait trois Administrateurs Anglais au Conseil d'Administration. Il dit que Son Altesse a pleinement adhéré et que copie de la pièce officielle par laquelle cette adhésion est donnée sera communiqué à M. Stokes aussitôt qu'elle est reçue.

La copie de la lettre de M. de Lesseps à Son Altesse reste annexée au présent Protocole No. 4.

Le Colonel Stokes dit que le Gouvernement de la Reine verrait avec satisfaction qu'un des trois Administrateurs Anglais soit éventuellement élu au Comité de Direction. M. de Lesseps s'engage à faire ce qui dépendra de lui pour satisfaire à ce vœu du Gouvernement Britannique, et, quand même il n'y aurait pas lieu de pourvoir à une vacance dans le Comité, il sera très-heureux de s'éclairer par la collaboration d'un Administrateur Anglais qu'il appelerait comme membre adjoint du Comité de Direction.

M. Stokes demande que M. de Lesseps fasse ce qui dépend de lui pour arriver à faire cesser la vérification du jaugeage des bâtiments transitant qui présentent les certificats spéciaux constatant leur tonnage suivant les règles de Constantinople, et de changer cette partie de l'Article 14 du "Règlement de Navigation dans le Canal Maritime de Suez," qui impose 50 c. par tonne aux "navires convoyés par des remorqueurs appartenant à leurs armateurs," de manière que cette taxe ne sera plus prélevée.

M. de Lesseps répond qu'il accepte volontiers ce qui concerne cet Article du Règlement de Navigation touchant les navires convoyés, que cet Article n'ayant été adopté que sur la demande de certains correspondants d'armateurs Anglais à Port Saïd, il prendra les dispositions nécessaires pour que ce traitement soit facultatif et ne pas obligatoire pour ceux qui ne le désirent pas. Quant au précédent paragraphe sur le mesurage de navires,

M. de Lesseps ne demanderait pas mieux que d'arriver à l'exemption demandée par M. Stokes, mais il remet un dossier contenant les rectifications qui ont dû être faites sur les navires qui, après avoir reçu les certificats exacts, ont fait des aménagements qui ont augmenté leur tonnage net. En conséquence il y a lieu, suivant son opinion, d'arriver à une entente générale qui permettra d'établir qu'aucune fraude ne puisse être commise par les armateurs ou par les capitaines après la délivrance de leurs papiers de bord. M. Stokes observe que M. de Lesseps s'est engagé à accepter tout ce qui a été fait à Constantinople : la seconde des règles recommandées par la Commission Internationale de Tonnage prescrit que "le certificat de jauge fait foi en tout pays pour servir de base à la perception des taxes." Cependant, en vue des erreurs signalées par M. de Lesseps, il a promis de remettre ces papiers à son Gouvernement et d'appuyer la demande de M. de Lesseps pour une entente sur les moyens à prendre pour empêcher la fraude.

Continué au Caire, le 22 Février.

Présents :

M. Ferdinand de Lesseps.
M. le Colonel Stokes.

Avant de signer le Colonel Stokes a répris la question discutée hier concernant le jaugeage des navires portant le certificat de Suez ; il a montré à M. de Lesseps le rapport final de la Commission de Constantinople, où il est dit que les papiers doivent faire foi.

M. de Lesseps dit qu'il y a là un point très difficile pour lui, parceque la Compagnie a attaché beaucoup d'importance à la vérification des papiers, et que, dans son opinion, le rapport ne défend pas cette vérification.

M. Stokes dit qu'il répond pour l'intention de la Commission de Constantinople que les opinions furent très arrêtées sur ce point, et même les mots indiquent cela, car si l'on vérifie les papiers où est la foi ?

Il assure M. de Lesseps que la Compagnie sera certainement tenue à accepter ce point comme partie de l'accord, et il espère qu'il cèdera dès à présent.

M. de Lesseps y consent en exprimant le désir que les mesures soient prises pour la répression de fraude.

M. Stokes dit que les inexactitudes ayant été découvertes, il s'engage formellement que le Gouvernement de Sa Majesté fera tout ce qui est possible pour éviter des pareilles erreurs à l'avenir, et que personnellement il fera tout ce qui dépendra de lui pour amener une entente afin de mettre fin aux fraudes.

M. le Colonel Stokes exprime sa satisfaction à ce que ses négociations avec M. de Lesseps ont terminé dans une solution si complète de toutes les difficultés qui ont existé pendant les derniers trois ans et demi, et il exprime à M. de Lesseps ses vifs souhaits pour la prospérité de la grande œuvre avec laquelle son nom est impérissablement associé.

M. de Lesseps, de son côté, exprime au Colonel Stokes sa satisfaction de voir que toute difficulté a cessé dès aujourd'hui entre la Compagnie et le Gouvernement de Sa Majesté la Reine, et il est certain que l'adjonction des Administrateurs Anglais qui viendront voir de près les affaires du Canal fera des soutiens et des amis aux autres membres du Conseil.

Fait au Caire, en double original, le 22 Février, 1876.

(Signé) FERD. DE LESSEPS.
J. STOKES.

Annexe 1.

BUDGET éventuel des Recettes Extraordinaires et des Dépenses de la Compagnie Universelle du Canal Maritime de Suez.

RECETTES.	Fr.	DEPENSES.	Fr.
Service Financier	250,000	Charges sociales y compris les intérêts arriérés et les impôts*	14,000,000
Service des Eaux	90,000	Dépenses d'Administration	978,000
Service du Transit et de la Navigation—		Service du Transit et de la Navigation ..	1,700,000
Droits de Tonnage..	..	Service de l'Entretien	3,000,000
Passagers	800,000	Service des Eaux	242,000
Barques	200,000	Travaux Extraordinaires de Construction .	1,000,000
Pilotage	1,500,000	Intérêts à 5 pour cent sur le Capital Social	10,000,000
Remorquage	50,000	Fond d'amortissement	80,000
Stationnement	50,000		
Trafic ou Transport par le Matériel de la Compagnie	30,000		
Location de matériel flottant, &c. ..	10,000	Total	31,000,000
	2,980,000	Recettes extraordinaires	3,000,000
En chiffres ronds	3,000,000	Reste à couvrir par les droits de tonnage .	28,000,000

* Les impôts ont été récemment mis en compte.

(Signé) FERD. DE LESSEPS.
J. STOKES.

Annexe 2.

Lettre adressée au Colonel Stokes par M. de Lesseps.

Mon cher Colonel, *Ismaïlia, le 4 Février*, 1876.

Je crois devoir vous donner connaissance d'une lettre que j'ai adressée au Comité de Direction du Canal à Paris le 29 Janvier à la suite d'une conversation avec vous à Kasr-el-Nouza :

"Le Colonel m'a entretenu du désir du Gouvernement Anglais de désigner des Administrateurs Anglais pour les faire entrer dans le Conseil d'Administration conformément à l'Article des Statuts sur la participation des pays intéressés dans l'entreprise.

"Je lui ai répondu que tel était aussi notre désir, et que pour obtenir ce résultat sans attendre d'autres vacances d'Administrateurs que celle qui s'est produite dernièrement, le meilleur moyen me semblait être de provoquer à l'avance l'approbation du Khédive pour une nouvelle modification des Statuts, une première modification, à défaut du concours des capitaux étrangers, ayant réduit de trente-deux à vingt-un le nombre des Administrateurs.

"On proposerait alors à la prochaine assemblée générale de porter le chiffre désormais normal à vingt-quatre afin d'introduire immédiatement trois Administrateurs Anglais.

"Le Colonel Stokes m'a ensuite parlé des votes qu'aurait légalement le Gouvernement propriétaire des 176,602 actions Egyptiennes ; il a reconnu que la possibilité de faire voter des actions dépourvues de leurs coupons pour les dix voix représentant la propriété Anglaise devra être tranchée par un arbitrage légal ou par le Tribunal de la Seine afin que les votes en question ne nous exposent pas à faire invalider une assemblée. J'ai de mon côté donné l'assurance que je ferai ce qui dependrait de moi pour faire admettre la légalité des dix voix parce que j'avais déjà exprimé cette opinion à l'époque où le Khédive m'avait chargé de le représenter dans les assemblées et que je maintenais cette opinion personnelle."

Je vous annonce avec satisfaction que le Khédive, ayant adhéré à ma proposition de modifier les Statuts pour faire entrer au Conseil d'Administration trois Administrateurs Anglais désignés par le Gouvernement de la Reine, je vais prendre les dispositions nécessaires pour que cette modification soit votée par l'Assemblée Générale des Actionnaires qui probablement aura lieu au mois de Mai prochain.

(Signé) FERD. DE LESSEPS.

Annexe 3.

Entre M. Ferdinand de Lesseps, G.C.S.I., Président Directeur de la Compagnie Universelle du Canal Maritime de Suez, ayant pleins pouvoirs du Conseil d'Administration d'une part, et M. le Colonel John Stokes, C.B., autorisé par le Gouvernement de Sa Majesté Britannique, d'autre part, a été convenu ce qui suit :—

Article 1.—M. de Lesseps s'engage à faire accepter d'avance par la dite Compagnie tout ce qui a été fait à Constantinople relativement à la question de tonnage pour le tarif de transit par le dit Canal de Suez, conformément au rapport final de la Commission Internationale du 18 Décembre, 1873, et adopté par la Porte Ottomane.

Art. 2. En échange de cette déclaration, le Gouvernement Britannique se chargera des négociations qui auront pour résultat de remplacer la disposition actuelle sur l'abaissement de la surtaxe par un arrangement en vertu duquel le premier abaissement de 50 centimes commencerait le 1er Janvier, 1877, le second abaissement de 50 centimes le 1er Janvier, 1879; le troisième le 1er Janvier, 1881; le quatrième le 1er Janvier, 1882; le cinquième le 1er Janvier, 1883; et le sixième le 1er Janvier, 1884, de sorte qu'à partir de cette dernière date la surtaxe serait éteinte, et le maximum de 10 fr. par tonne du tonnage net officiel serait seul prélevé.

Art. 3. M. de Lesseps prend l'engagement que la Compagnie exécutera les travaux extraordinaires de construction en dehors des travaux d'entretien ordinaire pour une somme d'un million de francs par an, pendant trente ans.

Art. 4. Aussitôt que le Gouvernement Britannique aura fait connaître à M de Lesseps le résultat favorable de la négociation dont il s'agit à l'Article 2 ci-dessus, M. de Lesseps retirera toutes ses protestations contre la Porte Ottomane.

Fait au Caire en double original, le 21 Février, 1876.

(Signé) FERD. DE LESSEPS.
J. STOKES.

Annexe 4.

Lettre adressée par M. de Lesseps à Son Altesse le Khédive.

Monseigneur, *Caire, le 21 Février, 1876.*

L'Article 24 des Statuts de la Compagnie Universelle du Canal de Suez établissait le 5 Janvier, 1856, que la Société serait administrée par un Conseil de trente-deux membres représentant les principales intéressées à l'entreprise.

L'Article 29 attribuait une part de 3 pour cent dans les bénéfices nets annuels aux administrateurs en raison de leurs peines et soins.

D'après l'Article 71 les modifications aux Statuts ne sont exécutoires qu'après l'approbation du Gouvernement Egyptien.

Toutes les nationalités appelées à concourir à la formation de la Compagnie n'ayant répondu à l'appel, le Conseil d'Administration proposa une modification des Articles 24 et 29. L'Assemblée Générale des Actionnaires, d'accord avec votre Altesse, réduisit de 32 à 21 le nombre des Administrateurs, et de 3 à 2 pour cent la part dans les bénéfices.

Aujourd'hui, l'Angleterre ayant acquis un grand nombre d'actions du Canal, il m'a paru équitable, en me conformant à l'esprit aussi bien qu'à la lettre des Statuts, d'admettre dans le Conseil trois Administrateurs Anglais. J'ai spontanément offert au Gouvernement Britannique de les proposer. Mais avant de procéder aux formalités prescrites pour faire adopter cette mesure, il est nécessaire que votre Alresse veuille bien donner à l'avance son approbation à une nouvelle modification des Articles 24 et 29 dans les termes suivants :—

"Le Conseil d'Administration sera composé de vingt-quatre membres. Une part de $2\frac{1}{4}$ pour cent dans les bénéfices nets sera attribuée aux Administrateurs."

Veuillez, &c.

(Signé) FERD. DE LESSEPS.

(Translation.)

Protocol of a Conference held at Ismaïla, on the Shores of Lake Timsah, on February 3, 1876, to put an end to the differences between the Maritime Powers and the Universal Company of the Suez Maritime Canal.

Present:

M. Ferdinand de Lesseps.
Colonel Stokes.

COLONEL STOKES, referring to the preliminary conversations he had had with M. de Lesseps, on the initiative of the President-Director of the Company, between the 10th and 29th of January in this year, informs him that he had telegraphed to his Government in the terms of the despatch they had agreed on January 29, as follows:—

"M. de Lesseps engages to accept beforehand all that was done at Constantinople if your Lordship will engage to bring about the commencement of the decrease of the surtax at a higher figure than that which has been fixed. He proposes 3,000,000 tons, but I have not admitted so much."

And that, in answer, he received the authorization of his Government to treat officially with M. de Lesseps on the bases of his telegram.

Colonel Stokes says that these bases related to a decrease of the surtax granted to the Company by the Sublime Porte in 1874, under conditions different from those then agreed on. He calls to mind that on the same 29th of January M. de Lesseps gave him a copy of a letter from one of the Vice-Presidents of the Administrative Council at Paris, fixing at 30,000,000 fr. yearly the sum the Company ought to expend before being able to reckon the net profit, allowing a large margin for all contingencies.

Colonel Stokes says that, wishing to be able to discuss this matter with M. de Lesseps with a full knowledge of the question, he has made a calculation of the receipts and expenses of the Company, taken from the accounts that had been published, and that, by this account, the sum to be covered before realizing net profits is 26,500,000 fr. and not 30,000,000 fr.

M. de Lesseps answered that he believed his reckoning to be accurate, but he appeared very willing to examine the accounts of the Company with Colonel Stokes, in order to arrive at an understanding.

For this purpose he summoned M. de Rouville, Manager of the Company's transit service on the Canal, and the sums of money contained in the accounts for the years 1874 and 1875 were examined.

From this examination it appeared that certain sums of the extraordinary receipts for preceding years will not be of the same importance for the future, and that, on the other hand, some of the expenses will be heavier.

In consequence of this examination Colonel Stokes admitted that, instead of 26,500,000 fr., which he had taken as the amount of the normal expense to be covered by the transit dues, this amount must be raised to 28,000,000 fr.

The calculation that proves this is inclosed, and from it it is proved that the decrease of the surtax to give a dividend of $2\frac{1}{2}$ per cent. to the shareholders in addition to the 5 per cent. they receive could not take place until the tonnage reaches 2,600,000 tons in one year.

Colonel Stokes says that he could hardly propose to his Government such a delay in the commencement of the decrease of the surtax, for it ought to begin next year.

Besides, he says, before they could persuade so many Governments as were interested, long discussions on the amounts would be necessary whereby the success of the proposed negotiations would be endangered. He therefore proposes to M. de Lesseps another plan for making the reduction, namely, at fixed dates instead of by the tonnage, but he adds that not being authorized to treat on this basis, he makes a proposal of his own, which he must keep for the approval of his Government. With this reservation he proposes that after the 1st of January, 1877, the surtax shall be diminished half a franc; to remain at the rate of $2\frac{1}{2}$ for two years, and that starting from January 1, 1879, it shall be again reduced half a franc a year until it be extinguished.

M. de Lesseps says that the principle of this plan for the reduction appears to him preferable to the present plan. He recognizes in it advantages for the navigation, for merchants will know beforehand the conditions of transit year by year, and he sees in it for the Governments an easier solution of the question than by changing the amounts for the tonnage. By the last plan there would be difficulties not only in reckoning exactly the

working of the tonnage dues, but a scrutiny of the receipts and expenses of the Company would be needed, and an agreement might thereby be prevented.

As to the details of Colonel Stokes' proposal, M. de Lesseps, on a remark of M. de Rouville, pointed out that this arrangement would make the Company suffer a diminution of income at the very moment when it would need money to carry out the works it would have to undertake under the engagement that it is to give.

Colonel Stokes insists that it is necessary to give to the commercial interest the satisfaction of a first reduction of the Tariff which it would have next year if the existing arrangement is maintained. He points out that at the existing rate of advance of traffic the reduction in 1877 would probably be 1 fr. per ton, and possibly 1 fr. 50 c. He did not suppose that 1876 would show the same increase of receipts on those of 1875, that the latter year showed on 1874, but there is reason to believe that in two or three years the surtax would be done away with.

M. de Lesseps said that according to the shipping notices there are not a large number of new vessels building for the Canal navigation, and he did not expect a greater increase in the number of vessels passing through the Canal than 200,000 tons yearly. He would wish the surtax of 2 fr. 50 c. to be maintained for three years.

Colonel Stokes does not believe that that would be accepted, but he is ready to recommend that the rate, after the second reduction, that is 2 fr., should be retained for two years.

M. de Lesseps accepts that modification, and a draft of an Agreement is then drawn up, which Colonel Stokes agrees to lay before his Government, while M. de Lesseps on his part would submit it to the Administrative Council. This draft was initialed.

In relation to the second Article it is agreed that Her Majesty's Government will use its best efforts to bring about the acceptance in principle and in detail of the conditions contained therein, and as to the fourth Article M. de Lesseps will formally withdraw his protests against the Sublime Porte as soon as Her Majesty's Government inform him that the Powers have agreed, and before any instrument relating to it has been drawn up.

In relation to the third Article, M. de Lesseps will at once undertake part of the most pressing works, and he will take care that the million francs that are to be annually expended shall be devoted in the first place to the works that most benefit the navigation.

Colonel Stokes then again takes up the question already discussed in the preliminary conversations as to the part which Her Majesty's Government might henceforward take in the administration of the Company.

M. de Lesseps informs him that he wrote on January 29 to the Committee of Direction of the Canal to the same effect as his conversation with Colonel Stokes on that day, relating to the possibility of agreeing to the Government's desire, by again increasing the number of Administrators from twenty-one to twenty-four, so as to admit English Administrators in accordance with the Company's Statutes. He adds that he submitted to His Highness the Khedive the plan of such a modification of the Statutes, that His Highness had consented, and that he will make the needful arrangements for this modification to be voted by the general assembly of shareholders, which will, probably, be held next May.

On the 4th of February, M. de Lesseps delivers a letter to Colonel Stokes on the question of the administration and the votes, which is joined to this Protocol (Inclosure No. 2).

Continued at Cairo, February 21.

Present:

M. Ferdinand de Lesseps.
Colonel Stokes.

M. de Lesseps announces that the Council of Administration at Paris has given its assent to the provisional agreement between him and Colonel Stokes of the 3rd of this month.

Colonel Stokes likewise communicates the approval by Her Majesty's Government of

the four Articles of this Convention. He says, however, that he has the orders of the Government to demand that M. de Lesseps shall furnish, with respect to Article III, a general statement of the works on which the yearly million shall be expended, and that from time to time he shall render an account thereof.

M. de Lesseps observes that it is difficult to fix thirty years beforehand all the details of these expenses; that the Government, by its representatives on the Council of Administration, will have an effective control over the expenditure; that, besides, the law in France on the operations of a joint stock company is so stringent that the cost of construction and maintenance expenses cannot be blended together; that, consequently, this yearly million can only be expended under the head of new constructions; and that this outlay must take precedence of all other yearly expenditure before the distribution of interest to the shareholders. He says that the engineers of the Company have already received orders to draw up plans and estimates for the most pressing works.

Colonel Stokes says that after these explanations he does not press for an alteration of Article III.

The Articles are then signed in duplicate, and added to the present Protocol No. 3.

M. de Lesseps next hands Colonel Stokes the copy of a letter which he had just presented to the Khedive for the purpose of ensuring beforehand the assent of His Highness to the modification of the Statutes of the Company, which would admit three English Administrators to the Council of Administration. He says that His Highness has assented fully, and that copy of the official despatch in which this concurrence is given will be communicated to Colonel Stokes as soon as it is received.

The copy of the letter of M. de Lesseps to His Highness is added to the present Protocol No. 4.

Colonel Stokes says that Her Majesty's Government would see with satisfaction one of the three English Administrators eventually elected on the Committee of Direction.

M. de Lesseps engages to do his best to satisfy this wish of the British Government, and even in the case of there being no vacancy to fill on the Committee, he will be very happy to receive the assistance of an English Administrator, whom he would invite as an additional member of the Committe of Direction.

Colonel Stokes demands that M. de Lesseps shall do his best to put a stop to the verifying of the measurement of passing vessels which present special certificates stating their tonnage according to the rules of Constantinople, and to alter that part of Article 14 of the "Rules of Navigation in the Maritime Canal of Suez," which imposes 50 c. a ton on "vessels convoyed by tugs belonging to their owners," so that this tax shall be no longer levied.

M. de Lesseps replies that he willingly accepts that which concerns the Article of Rules of Navigation respecting vessels convoyed; that as this Article was only adopted at the request of certain correspondents of English shipowners at Port Saïd, he will make the necessary arrangements to render this usage optional, and not obligatory on those who do not desire it. As to the preceding paragraph on the measurement of vessels, M. de Lesseps would be delighted to arrive at the exemption demanded by Colonel Stokes; but he hands in a list of corrections which they have been obliged to make on vessels which, after receiving exact certificates, have made alterations which have increased their net tonnage.

Consequently, in his opinion, there is need of coming to a general understanding which will allow of its being established that no fraud can be committed by the shipowners or the captains after the delivery of their papers.

Colonel Stokes observes that M. de Lesseps has promised to accept all that has been done at Constantinople. The second of the Rules recommended by the International Commission of tonnage prescribes that "the certificate of measurement is to be, in every country, received as a basis for the collection of taxes." Nevertheless, considering the errors pointed out by M. de Lesseps, he has promised to deliver these papers to his Government and to support the demand of M. de Lesseps for an agreement on the means to be taken to prevent fraud.

Continued at Cairo, February 22.

Present:

M. Ferdinand de Lesseps.
Colonel Stokes.

Before signing, Colonel Stokes took up again the question discussed yesterday with respect to the measurement of the tonnage of ships carrying the Suez certificate. He

showed to M. de Lesseps the final Report of the Constantinople Commission, wherein it is stated that the papers are to be believed.

M. de Lesseps says that this is a very difficult point for him, because the Company has attached a good deal of importance to the verification of the papers, and that in his opinion the Report does not forbid this verification.

Colonel Stokes says that he answers for the intention of the Constantinople Commission, that their opinions were very decided on this point, and indeed the words show this, for if the papers be verified, where is the belief?

He assures M. de Lesseps that the Company will be certainly held to accept his point as part of the agreement, and he hoped he would yield now at once.

M. de Lesseps consents to this, expressing his hope that measures for the repression of fraud would be taken.

Colonel Stokes says that errors having been discovered, he engages formally that Her Majesty's Government will do all that was possible to avoid similar mistakes in the future, and that personally he will do all that lies in his power to bring about an agreement which shall put an end to frauds.

Colonel Stokes expresses his satisfaction that his negotiations with M. de Lesseps have terminated in so thorough a solution of all the difficulties which have existed during the last three years and a half, and he expresses to M. de Lesseps his earnest wishes for the prosperity of the great work with which his name will be perpetually associated.

M. de Lesseps, on his part, expresses to Colonel Stokes his satisfaction at seeing that every difficulty has ceased from that day forward between the Company and Her Majesty's Government, and that he is certain that the addition of English Administrators who will come and see from close observation the business of the Canal, will be a friendly support to the other members of the Council.

Done at Cairo in duplicate, February 22, 1876.

(Signed) FERD. DE LESSEPS.
J. STOKES.

Annex 1.

FUTURE BUDGET of the extraordinary receipts and expenses of the Universal Company of the Maritime Suez Canal.

Receipts.	Fr.
Financial operations	250,000
Water supply	90,000
Transit and Navigation service—	
Tonnage duties	—
Passengers	800,000
Barques	200,000
Pilotage	1,200,000
Towing	50,000
Berthing dues	50,000
Traffic by the Company's plant	30,000
Letting of floating plant	10,000
	2,980,000
In round numbers	3,000,000

Expenses.	Fr.
Company charges, in which are included the back interest and the taxes*	14,000,000
Expenses of administration	978,000
,, transit and navigation	1,700,000
,, repairs	3,000,000
,, water	242,000
Extraordinary new works	1,000,000
Interest at 5 per cent. on the subscribed capital	10,000,000
Sinking fund	80,000
Total	31,000,000
Extraordinary receipts	3,000,000
There remains to be covered by the tonnage dues	28,000,000

* These taxes have been recently imposed.

(Signed) FERD. DE LESSEPS.
J. STOKES.

Annex 2.

Letter addressed to Colonel Stokes by M. de Lesseps.

My dear Colonel, *Ismaïla, February* 4, 1876.

I THINK it right to communicate to you a letter which I addressed on the 29th of January to the Committee of Direction of the Canal at Paris after a conversation with yourself at Ka'sr-el-Nouza.

"The Colonel spoke to me of the desire of the English Government to name English Administrators for admission to the Council of Administration, in conformity with the

article of the Statutes relating to the participation of the countries interested in the undertaking.

"I replied to him that such was also our desire, and that in order to attain this end, without waiting for other vacancies than that which lately occurred, the best way seemed to me to obtain beforehand the approval of the Viceroy to a fresh modification of the Statutes, a first modification, owing to the want of co-operation from foreign capital, having reduced the number of Administrators from thirty-two to twenty-one.

"Thus it would be proposed to the next general assembly henceforth to raise the normal number to twenty-four, in order to introduce immediately three English Administrators.

"Colonel Stokes then spoke to me of the votes which, according to law, the Government, as proprietor of 176,602 shares, would have. He acknowledged that the possibility of allowing the shares deprived of their coupons to stand good for ten votes, as representing the English proprietary interest, must be decided by a legal arbitration or by the Tribunal of the Seine, in order that the votes in question may not expose us to the danger of invalidating the decisions of the meeting. I, for my part, assured him that I would endeavour to bring about the recognition of the legality of the ten votes, because I had already expressed this opinion at the time when the Khedive commissioned me to represent him at the meetings, and because I held this opinion myself."

It is with satisfaction that I announce to you that, the Khedive having agreed to my proposition to modify the Statutes, with a view to admit to the Council of Administration three English Administrators nominated by Her Majesty's Government, I will take the necessary steps to ensure the voting of this modification by the general meeting of shareholders, which will probably take place in the month of May next.

(Signed) FERD. DE LESSEPS.

Annex 3.

The following has been agreed to between M. de Lesseps, G.C.S.I., President-Director of the "Compagnie Universelle du Canal Maritime de Suez," furnished with full powers from the Council of Administration on the one part, and Colonel John Stokes, C.B., empowered by Her Britannic Majesty's Government, on the other part:—

Article 1. M. de Lesseps engages to induce the said Company to accept beforehand all that was settled at Constantinople relative to the question of tonnage as regards the transit tariff by the said Suez Canal, in conformity with the final Report of the International Commission of December 18, 1873, which was adopted by the Ottoman Porte.

2. In return for this declaration the English Government will undertake to negotiate, with a view to substitute for the present dispositions relative to the decrease of the surtax, an arrangement by virtue of which the first decrease of 50 c. shall begin on the 1st of January, 1877, the second decrease of 50 c. on the 1st of January, 1879; the third on the first of January, 1881; the fourth on the 1st of January, 1882; the fifth on the 1st of January, 1883; and the sixth on the 1st of January, 1884, so that from this latter date the surtax would be extinguished, and the maximum of 10 fr. per ton on the official net tonnage would alone be raised.

Art. 3. M. de Lesseps engages that the Company shall execute extraordinary works of construction in addition to works of ordinary repair up to the amount of one million of francs a year for thirty years.

Art. 4. As soon as the British Government shall have informed M. de Lesseps of the favourable result of the negotiation mentioned in Article 2 which precedes, M. de Lesseps will withdraw all his protests against the Ottoman Porte.

Executed in duplicate at Cairo, February 21, 1876.

(Signed) FERD. DE LESSEPS.
J. STOKES.

Annex 4.

Letter addressed by M. de Lesseps to His Highness the Khedive.

Monseigneur, *Cairo, February* 21, 1876.

THE XXIVth Article of the Statutes of the Universal Company of the Suez Canal, established, January 5, 1856, that the Company should be managed by a Council of thirty-two members, representing the principal powers interested in the undertaking.

The XXIXth Article assigned 3 per cent. of the net annual profits to the administrators, in consideration of their trouble.

By Article LXXI, the modifications in the Statutes cannot be put into effect until they are approved by the Egyptian Government.

As all the nationalities appealed to to take part in forming the Company did not answer to the appeal, the Administrative Council proposed a modification of the XXIVth and XXIXth Articles. The General Assembly of Shareholders, in agreement with Your Highness, reduced the number of Administrators from thirty-two to twenty-one, and the share in the profits from 3 per cent. to 2 per cent.

England having now acquired a considerable number of shares in the Canal, it seems to me fair, in conformity with the spirit as well as with the letter of the Statutes, to admit three English Administrators into the Council. I have, of my own accord, offered to the British Government to propose them. But before proceeding to the formalities prescribed for securing the adoption of this plan, it is necessary that Your Highness should consent to agree beforehand to a fresh modification of Articles XXIV and XXIX in the following terms:—

"The Administrative Council shall be composed of twenty-four members. A share of two and a quarter per cent. in the net profits shall be assigned to the Administrators.

&c.

(Signed) FERD. DE LESSEPS.

No. 14.

Colonel Stokes to the Earl of Derby.—(Received March 8.)

My Lord, *Paris, March* 7, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's despatches of the 17th to 23rd ultimo, and to express my great gratification that my efforts to serve Her Majesty have met with the warm approval contained in your Lordship's despatch of the 23rd.

I have, &c.

(Signed) J. STOKES.

No. 15.

Colonel Stokes to the Earl of Derby.—(Received March 8.)

(Extract.) *Paris, March* 7, 1876.

M. CHARLES DE LESSEPS, Vice-President of the Suez Canal Company, yesterday called upon me, and I had a long conversation with him relative to the arrangements made with M. Ferdinand de Lesseps, who had transmitted to him the document signed on the 21st and 22nd ultimo.

He gave certain explanations on the voting question.

The clause of the Company's Statutes which establishes that disputes between shareholders are to be judged by arbitrators and carried on appeal before the Court of Paris has been annulled by a subsequent law in this sense, that it is no longer binding on the parties, and that disputes, unless under a contrary agreement for each special case, are judged by the Tribunal of First Instance, appeal to the Court remaining.

In order to substitute arbitrators for the Tribunal as first degree of jurisdiction, the parties must sign a compromise to this end.

He thinks that if the English Government is prevented from voting on questions of dividend until the shares bought from the Khedive become again entitled to receive their dividend, and if it be restricted to the questions affecting the future of the Company,

that such would, in his opinion, be an equitable solution which ought to result from a legal debate on this question.

He supposed that the question did not press. I observed that I thought the Government would wish to be represented in the next general meeting. In that case, he said, he would do his best to have the question settled as soon as the Government signified its wishes; but that in any case, even if the question should not have been formally decided, he was personally inclined to consider that no objection should be raised to a representative of the Government being provisionally admitted to the next meeting, as the Khedive had been represented pending a judicial decision.

On the question of tonnage measurement, M. Charles de Lesseps demanded why I had so strenuously insisted with his father in our Protocol of the 22nd of February that the tonnage verification should cease.

I replied that it was the natural consequence of the Company's accepting the Constantinople decisions, and that on principle therefore I insisted on a discontinuance of the verification; but, further, that I also insisted on it because remeasurement causes delay to vessels.

He urged the necessity for it, and urged in support of his view certain extreme cases of inaccuracy. I told him that I knew all he could say on that subject, and that I was going to bring the subject of inaccuracies before Her Majesty's Government.

He pleaded that it was very hard that if there were manifest error the Company could not verify it by the measurement. He would be prepared to admit that they should not levy the toll according to the verification. He thought that they had gone too far in this matter hitherto, as they had constituted themselves judges in their own cause, but now that they have the new Tribunals, they need not do this: still how could they proceed against a vessel unless they could by measurement prove her papers to be wrong?

I said that I thought the question might be discussed, and probably a remedy found when all parties should be prepared to discuss it amicably by the removal of all ground for complaint of arbitrary proceeding on the part of the Company. I therefore counselled the frank and immediate adoption of the measures consented to in the Protocol, and I felt sure that the Governments would be disposed to find a means of satisfying, as far as possible, the just demands of the Company.

No. 16.

Sir H. Elliot to the Earl of Derby.—(*Received March* 10.)

My Lord, *Constantinople, February* 25, 1876.

THE Viceroy of Egypt has telegraphed to the Porte about the negotiations between Colonel Stokes and M. Lesseps in reference to the Suez Canal dues, stating that he entirely approved of the proposed arrangement.

Raschid Pasha says that the Porte can only see with satisfaction any arrangement calculated to bring about a good understanding on this question, and he takes it for granted that the views of the Imperial Government and of the others interested will be duly consulted.

I said I had received no information from Her Majesty's Government respecting the negotiations between Colonel Stokes and M. Lesseps, but I could assure his Excellency that, although they might come to an agreement with regard to a modification which it would be desirable to make in the arrangement adopted two years ago, nothing would be done contrary to the rights of the Porte and of the other Governments interested.

I have, &c.

(Signed) HENRY ELLIOT.

No. 17.

The Earl of Derby to Count Beust.

M. l'Ambassadeur, *Foreign Office, April* 8, 1876.

WITH reference to the inquiry which your Excellency made at this office on the 6th instant, I have the honour to acquaint you that the assent of the Powers who were parties to the Tonnage Conference at Paris was expressly reserved in the recent communi-

cations between Colonel Stokes and M. de Lesseps with regard to the Suez Canal dues, and that Her Majesty's Government will shortly address a communication to the several Governments on the subject.

I have, &c.
(Signed) DERBY.

No. 18.

The Earl of Derby to Sir A. Buchanan.

Sir, *Foreign Office, April 8, 1876.*

THE Austro-Hungarian Ambassador having called at this office on the 6th instant and asked, by order of his Government, whether any communications would be made to the Powers who were parties to the Tonnage Conference at Constantinople, on the subject of the new arrangements lately proposed by Colonel Stokes and M. de Lesseps respecting the dues upon the Suez Canal, I have informed his Excellency, in the letter of which I inclose a copy,* that the assent of the Powers was expressly reserved, and that a communication will shortly be addressed to them on the subject by Her Majesty's Government.

I am, &c.
(Signed) DERBY.

No. 19.

The Earl of Derby to Lord A. Loftus.†

My Lord, *Foreign Office, May 5, 1876.*

YOUR Excellency has been informed from time to time of the steps taken by the Suez Canal Company since the recommendations of the International Tonnage Commission were applied to the levying of the Suez Canal dues, to induce the Porte to consent to a modification of the arrangement arrived at by that Commission. My despatch of the 12th of June, 1875, to Lord Lyons, of which a copy was inclosed in my despatch of the 19th of June, 1875, laid down the conditions on which Her Majesty's Government would be "ready to consider in a friendly spirit any fair proposals for the improvement of the Canal, and for raising the funds required for their execution." It was one of the principles then laid down that "No proposals should be entertained until the Canal Company has legally submitted itself to the authority of the Sublime Porte by strictly conforming to the recommendations of the International Commission."

I had previously held similar language in my despatch to Sir Henry Elliot of the 3rd August, 1874.

These despatches had been written in consequence of overtures from M. de Lesseps in which he set forth that additional works were required in the Canal, and that the Company were unable to execute them without further resources, which he proposed to obtain by a modification of the arrangements, under which the surtax would be maintained at its present rate until the annual net tonnage of vessels passing through the Canal should reach 3,000,000 tons.

During Colonel Stokes' recent visit to Egypt in company with Mr. Cave, M. de Lesseps renewed his overtures to him in a similar sense and almost identical terms. Colonel Stokes being fully aware of the language hitherto held on this subject, was unable to entertain any propositions which had not the prior submission of the Company as a basis. After some time M. de Lesseps signified that he was willing to make such submission if Her Majesty's Government would open negotiations with the other Maritime Powers with a view to induce them to consent to a modification of the surtax arrangement of 1873.

So far back as April, 1874, Colonel Stokes had reported to me that he thought a relaxation of the terms of this arrangement would be necessary to enable the Company to carry out certain works which were unquestionably necessary for the proper working and development of the Canal. He has further explained that when the arrangement of 1873 was framed, several details of the Company's regulations which affect the division of the net profits were not accurately known, and that it now appears that the revenue to

* No. 17.

† Similar despatches were addressed to Her Majesty's Representatives at Brussels, Athens, Paris, The Hague, Vienna, Rome, Madrid, Berlin, Constantinople, and Stockholm.

be derived from the Canal toll increased by the surtax, is not sufficient to afford the amount of dividend which the Commission of 1873 had in contemplation.

The Company has not up to this time been affected by the insufficiency of the data on which the surtax arrangement was made, as the Commission would in no case have increased the amount of it: the question to consider has been as to its duration, which, as your Excellency is aware, was made to depend on the amount of tonnage passing through the Canal yearly, but next year and subsequently the position of the Company will probably be materially affected, as the increasing tonnage will lead to a speedy reduction of the surtax, if the present rate is maintained.

According to the present rate of increase, the surtax would, under the existing arrangement, come to an end in 1878, but, in that case, the Company would not have funds for carrying out the desired improvements.

Any alteration of the figures adopted for this arrangement would have rendered necessary calculations and discussions unlikely to lead to a satisfactory result.

Colonel Stokes therefore proposed to M. de Lesseps, in the negotiations which he was authorized to conduct on the latter's declaration of submission, that a different rule should be adopted for the gradual extinction of the surtax, and that it should decrease at fixed dates, instead of being dependent on the increase of tonnage. This mode of proceeding has one great advantage for the trading interest, in that it enables those concerned to calculate exactly for future years the expenses a vessel will have to incur in her passage through the Canal.

The present arrangement is undoubtedly uncertain in its operation, as it depends on the fluctuations of trade; a rapid increase in the tonnage would speedily extinguish the surtax, but should a depressed state of the markets check this increase, the surtax would be indefinitely prolonged.

It being admitted that some relief is required to enable the Company to carry out the additional works, and at the same time pay a fair dividend to the shareholders, the mode of decrease at fixed dates appears to Her Majesty's Government the most advantageous.

The inclosed copy of an Agreement between Colonel Stokes and M. de Lesseps,* which has received the approval of Her Majesty's Government on the one hand, and of the Council of Administration of the Suez Canal Company on the other, will show to your Excellency the exact understanding that has been arrived at by Colonel Stokes and M. de Lesseps. It is entirely provisional, and subject to the assent of the Powers whom the Sublime Porte undertook to consult before consenting to any modification of the Suez Canal dues.

Her Majesty's Government trust that the Government of Russia will share with them the opinion that the proposed arrangement is a desirable one, and will be prepared to express their assent to it when consulted by the Porte. On receiving assurances to this effect from the several Powers, Her Majesty's Government will inform M. de Lesseps, who will then formally withdraw all his protests against the Porte, and entirely give effect to the decisions of the Constantinople Commission.

Although the Porte and the Khedive have not recognized any legal force in these protests, Her Majesty's Government are of opinion that it is desirable to put an end to the state of antagonism which has existed during the last three and a half years between the Suez Canal Company and the Maritime Powers, and trust that the Government of Russia will also recognize the advantage of availing themselves of the opportunity which now presents itself of removing all causes for difference.

Whilst treating with M. de Lesseps on the subject of the surtax, Colonel Stokes obtained a settlement of two points which have created difficulty of late, viz., the re-measurement by the Company of vessels having the special Suez Canal certificate of their tonnage, and the levying of a toll of 50 c. per ton on vessels convoyed by tugs or tenders belonging to their owners.

This re-measurement and the levying of this toll in excess of the maximum will cease immediately.

I am, &c.
(Signed) DERBY.

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* Annex 3 to Inclosure in No. 13.

No. 20.

Lord Tenterden to Colonel Stokes.

Sir, *Foreign Office, June* 13, 1876.

I AM directed by the Earl of Derby to state to you that, as it is desirable to obtain an early decision with regard to the arrangements for the appointment of English Administrators on the Council of the Suez Canal Company, Her Majesty's Government consider that it would be well if you could yourself proceed to Paris to confer with the President of the Company.

The necessary application has been made to the Secretary of State for War in order that leave may be accorded to you for the purpose.

I am, &c.

(Signed) TENTERDEN.

No. 21.

Colonel Stokes to the Earl of Derby.—(Received June 22.)

My Lord, *Chatham, June* 21, 1876.

I HAVE the honour to report to your Lordship that, in obedience to instructions contained in your Lordship's despatch of the 13th instant, I have been to Paris, and have conferred with the President of the Suez Canal Company on the subject of the arrangements for the appointment of English Administrators in the Council of the Company.

I discussed with M. de Lesseps the terms of a resolution to be submitted to the general meeting of shareholders, by which effect would be given to the engagements taken by him in the Protocol signed at Cairo on the 22nd February, 1876; this resolution was submitted to the Council, who made some alterations of form which were communicated to me by the President and one of the Vice-Presidents of the Company. I accepted this resolution as satisfying all the requirements of Her Majesty's Government, and trust that it will be approved by your Lordship. A copy of it is herewith inclosed.

In order that no doubts may arise in the future on the meaning of some parts of this resolution, which might be held to restrict the liberty of action of Her Majesty's Government in the disposal of the shares bought from the Khedive, and to fetter, on the other hand the shareholders in their privileges of election, the inclosed letter, written at the meeting of the Council, with its sanction and approval, was handed to me by M. de Lesseps, which defines the exact position with respect to the designation and election of the English Administrators mutually held by Her Majesty's Government and the Suez Canal Company.

I have the honour to submit this letter to your Lordship's approval before replying to it, and to be, &c.

(Signed) J. STOKES.

Inclosure 1 in No. 21.

Resolution adopted by the Council of the Suez Canal Company for submission to the General Meeting of Shareholders.

L'ASSEMBLEE, vu l'Article XXIV des Statuts, considérant qu'il y a lieu d'assurer la représentation des intérêts Anglais au sein du Conseil, en raison de la part importante que la Grande Bretagne a acquise dans le capital social;

Attendu, qu'en vue d'assurer cette représentation, un accord est intervenu entre le Gouvernement de Sa Majesté Britannique et le Conseil d'Administration proposant la création de trois nouvelles places d'Administrateurs, et l'obligation de réserver ces places, tant que le Gouvernement de Sa Majesté restera possesseur des actions acquises par lui, à des candidats désignés par le dit Gouvernement, présentés par le Conseil, et nommés par l'Assemblée suivant les formes usitées,

Adopte la résolution suivante:—

Le nombre des Administrateurs que l'Article XXIV des Statuts, modifié par une résolution de l'Assemblée Générale du 24 Août, 1871, a fixé à vingt et un, est porté à vingt-quatre.

Les trois places ainsi créées seront, dès à présent, et au fur et á mesure des vacances qui se produiraient, remplies dans les conditions ci-dessus spécifiées.

(Translation.)

THE Assembly, taking into account the XXIVth Article of the Statutes, and considering that there is occasion to ensure the representation of English interests in the Council, on account of the important share in the capital of the Company acquired by Great Britain;

Considering that, with a view of securing this representation, an Agreement has been entered into between the Government of Her Britannic Majesty and the Council of Administration, proposing the creation of three new Administrators' places, and considering the engagement to reserve these places as long as Her Majesty's Government shall remain the possessor of the shares it has acquired, to candidates nominated by the aforesaid Government, presented by the Council, and appointed by the Assembly in accordance with the customary formalities;

Adopts the following Resolution:

The number of Administrators, fixed at twenty-one by the XXIVth Article of the Statutes, as modified by a resolution of the General Assembly of the 24th of August, 1871, is increased to twenty-four.

The three places thus created shall be, from henceforth, and according as vacancies occur, filled up in accordance with the conditions above specified.

Inclosure 2 in No. 21.

M. de Lesseps to Colonel Stokes.

M. le Colonel, *Paris, le 20 Juin*, 1876.

J'AI l'honneur de vous transmettre, sous ce pli, le texte de la délibération que notre Conseil d'Administration soumettra à l'approbation des actionnaires le 27 Juin prochain, délibération relative à la modification de l'Article XXIV des Statuts.

Il est bien entendu:

1. Que si le Gouvernement de Sa Majesté aliénait une partie des 176,602 actions qu'il a acquises de Son Altesse le Khédive et qu'il possède actuellement, le Gouvernement de Sa Majesté conservera son droit à désigner les trois représentants de la Grand Bretagne dans le sein du Conseil d'Administration de la Compagnie, pourvu que le nombre des dites actions dont le Trésor Britannique resterait propriétaire ne soit en aucun cas devenu inférieur à 100,000;

2. Que les personnes qui seront choisies actuellement ou dans la suite par le Gouvernement de Sa Majesté pour représenter la Grande Bretagne dans le sein du Conseil, en exécution et dans les conditions du vote de la prochaine Assemblée Générale, devront toujours être nommées par les actionnaires, mais désignées par le Gouvernement de Sa Majesté et présentées par le Conseil d'Administration, après entente;

3. Que les actionnaires, conservant le droit de ne pas accueillir les personnes qui auraient été désignées comme candidats, ne pourraient cependant nommer que des personnes désignées par le Gouvernement de Sa Majesté et présentées par le Conseil;

Et que dans ce cas, le Gouvernement de Sa Majesté et le Conseil de la Compagnie, d'accord, proposeraient de nouveaux candidats.

Veuillez, &c.
Le Président,
(Signé) FERD. DE LESSEPS.

(Translation.)

M. le Colonel, *Paris, June 20*, 1876.

I HAVE the honour to transmit to you herewith the text of the resolution which our Council of Administration will submit for the approval of the shareholders on the 27th of June next, and which relates to the modification of Article XXIV of the Statutes.

It is well understood—

1. That if Her Majesty's Government should alienate a portion of the 176,602 shares which they bought from His Highness the Khedive, and which they now actually possess, the Government of Her Majesty shall retain their right to name the three representatives of Great Britain upon the Council of Administration of the Company, provided that the

number of the said shares of which the British Treasury shall remain possessed shall not in any case fall below the number of 100,000.

2. That the persons who shall be chosen now or hereafter by the Government of Her Majesty to represent Great Britain upon the Council, in execution of and subject to the conditions of the vote of the next General Assembly, shall be always nominated by the shareholders, but selected by Her Majesty's Government and proposed by the Council of Administration, after consultation together.

3. That the shareholders, while retaining the right of not accepting the persons who may be selected as candidates, can, however, only nominate persons selected by Her Majesty's Government and proposed by the Council;

And that, in that case, Her Majesty's Government and the Council of the Company shall, after agreement, propose fresh candidates.

I request, &c.

(Signed) FERD. DE LESSEPS, *President.*

No. 22.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, June* 26, 1876.

IT appears from your despatch of the 21st instant that the Council of Administration of the Suez Canal Company have agreed to submit to the General Meeting of Shareholders to be held to-morrow, a resolution which will increase the number of members on the Council from 21 to 24, and that the three new places thus created are to be reserved for persons designated by Her Majesty's Government.

It is desirable that, in the event of the Resolution being carried, the Council should be able at once to submit to the meeting the names of those whom Her Majesty's Government may have designated, and I have accordingly to instruct you to inform M. de Lesseps that Her Majesty's Government designate for the acceptance of the Council and submission to the votes of the meeting the following three gentlemen for election as Members of the Council:—

Colonel John Stokes, C.B.; C. Rivers Wilson, Esq., C.B.; and Edward James Standen, Esq.

I am, &c.

(Signed) DERBY.

No. 23.

The Earl of Derby to Colonel Stokes.

Sir, *Foreign Office, June* 27, 1876.

I APPROVE the arrangements relative to the representation of Her Majesty's Government on the Council of Administration of the Suez Canal Company which are embodied in your despatch of the 21st instant and I have to authorize you to accept the clauses of the understanding as set forth in M. de Lesseps' letter of the 20th instant, a copy of which is inclosed in your despatch above mentioned.

I am, &c.

(Signed) DERBY.

No. 24.

Colonel Stokes to the Earl of Derby.—(Received June 28.)

My Lord, *Chatham, June* 27, 1876.

I HAVE the honour to inform your Lordship that, in obedience to instructions received, I notified to M. de Lesseps that Colonel John Stokes, C.B., C. Rivers Wilson, Esq., C.B., and Edward James Standen, Esq., were designated by Her Majesty's Government as the persons whose names should be submitted to the General Meeting of Shareholders of the Suez Canal Company for election to be the English members of the Council of Administration, provided that the meeting should vote the proposed modification in the Statutes of the Company which would admit them.

I have just received from M. de Lesseps a communication on which I have telegraphed to your Lordship as follows :—

"M. de Lesseps telegraphs that general meeting unanimously elected the three English Administrators designated."

In a previous telegram M. de Lesseps expressed great satisfaction at the selection made.

I have, &c.
(Signed) J. STOKES.

EGYPT. No. 9 (1876).

FURTHER CORRESPONDENCE respecting the Suez Canal Dues.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

EGYPT. No. 5 (1876).

SUEZ CANAL SHARES.

MEMORANDA

BY

LORD TENTERDEN AND MR. F. S. REILLY.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1415.] *Price* 6½*d.*

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PRÉCIS

BY

LORD TENTERDEN

OF THE

PUBLISHED CORRESPONDENCE

RELATING TO THE

SUEZ CANAL.

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Suez Canal Correspondence.

No. 1.

Précis by Lord Tenterden.

THE published papers relating to the Suez Canal consist of :—

1. The Concessions, Statutes, Firman of the Porte.

2. Papers presented to Parliament in 1874 ("Commercial Nos. 7, 12, and 19, 1874").

3. Papers presented to Parliament in 1876.

(*a.*) Correspondence respecting the purchase by Her Majesty's Government of the Suez Canal Shares belonging to the Egyptian Government.—("Egypt No. 1, 1876.")

(*b.*) Correspondence respecting the Suez Canal in continuation of papers presented to Parliament in 1874.—("Egypt No. 2, 1876.")

4. Documents Diplomatiques, Affaire du Canal de Suez—Papers presented to the French Assembly—the Yellow Book.

There was also a scientific Report on the Canal by Captain Richards and Colonel Clarke, presented to Parliament in 1870.

I. Concessions, Statutes, Firman of the Porte.—(*Hertslet's State Papers*, vols. lv. lvi.)

As Mr. Reilly has furnished an able and exhaustive summary of these Concessions, &c., it is unnecessary for me to do more than call attention to the particular provisions of the Concessions of 1854, 1856, and 1866, upon which the questions between the Maritime Powers and the Canal Company have chiefly arisen.

The authority under which the dues are levied is derived from the concessions granted to M. Lesseps by the Viceroy of Egypt on the 30th of November, 1854,* and 5th of January, 1856,† which were incorporated in the Convention between the Viceroy and the Canal Company of the 22nd February, 1866,‡ which again was confirmed by a Firman of the Sultan of the 19th March, 1866.§

The Concession of 1854 provided :—

"Art. 6. Les tarifs des droits de passage du Canal de Suez, concertés entre la Compagnie et le Viceroi d'Egypte et perçus par les Agents de la Compagnie, seront toujours égaux pour toutes les nations, aucun avantage particulier ne pouvant jamais être stipulé au profit exclusif d'aucune d'elles."

The Concession of 1856 was stated in the preamble to be intended "de stipuler d'avance, dans un acte plus détaillé et plus complet, d'une part, les charges, obligations et redevances auxquelles cette société sera soumise ; d'autre part, les concessions, immunités et avantages auxquels elle aurait droit, ainsi que les facilités qui lui seront accordées pour son administration."

The Articles relating to the dues are :—

"Article 14. Nous déclarons solennellement, pour nous et nos successeurs, sous la réserve de la ratification de Sa Majesté Impériale le Sultan, le grand Canal Maritime de Suez à Péluse et les ports en dépendant, ouverts à toujours, comme passages neutres, à tout navire de commerce traversant d'une mer à l'autre sans aucune distinction, exclusion ni préférence de personnes ou de nationalités, moyennant le payement des droits et l'exécution des règlements établis par la Compagnie Universelle concessionnaire pour l'usage du dit Canal et dépendances.

* Hertslet's State Papers, vol. lv, p. 970.
† Ibid., p. 976.
‡ Ibid., vol. lvi, p. 227.
§ Ibid., p. 293.

"Article 15. En conséquence du principe posé dans l'Article précédent, la Compagnie Universelle concessionnaire ne pourra, dans aucun cas, accorder à aucun navire, compagnie ou particulier aucuns avantages ou faveurs qui ne soient accordés à tous autres navires, compagnies ou particuliers, dans les mêmes conditions.

"Article 16. La durée de la Société est fixée à 99 années, à compter de l'achèvement des travaux et de l'ouverture du Canal Maritime à la grande navigation. . . .

"Article 17. Pour indemniser la Compagnie des dépenses de construction, d'entretien et d'exploitation qui sont mises à sa charge par les présentes, nous l'autorisons, dès à présent, et pendant toute la durée de sa jouissance, telle qu'elle est déterminée par les paragraphes 1 et 3 de l'Article précédent, à établir et percevoir, pour le passage dans les canaux et les ports en dépendant, des droits de navigation, de pilotage, de remorquage, de halage, ou de stationnement, suivant des tarifs qu'elle pourra modifier à toute époque, sous la condition expresse—

"1. De percevoir ces droits, sans aucune exception ni faveur, sur tous les navires, dans des conditions identiques;

"2. De publier les tarifs, trois mois avant la mise en vigueur, dans les capitales et les principaux ports de commerce des pays intéressés;

"3. De ne pas excéder, pour le droit spécial de navigation, le chiffre maximum de 10 fr. par tonneau de capacité de navires et par tête de passager."

The important words here, and upon which the question mainly turns, are the expressions "maximum de 10 fr. *par tonneau de capacité de navires* et par tête de passager."

The Convention of 1866 did not mention the dues specifically, but provided (Article 17), "Tous les actes antérieurs, concessions, Conventions et Statuts sont maintenus dans toutes celles de leurs dispositions qui ne sont point en contradiction avec la présente Convention."

All the Concessions were made subject to the ratification of the Porte, which was not granted until the Firman of 1866, which, after stating that Conferences had been held with the Company which "viennent d'aboutir d'une façon conforme, pour le présent et pour l'avenir, aux droits sacrés à la Porte, comme à ceux du Gouvernement Egyptien," and reciting the Convention of 1866 (called "Contrat" in the Firman) proceeded, "Le présent Firman, émané de notre Divan Impérial, est rendu à cet effet que nous donnons notre autorisation souveraine à l'exécution du Canal par la dite Compagnie, aux conditions stipulées dans ce contrat, comme aussi au règlement de tous les accessoires selon ce contrat et les Actes et Conventions y inscrits et désignés qui en font partie intégrante."

The question of the jurisdiction over the Company depends upon the 73rd and 74th Articles of the Company's Statutes annexed to the Concession of January 5, 1856, and 11th Article of the Concession of February 22, 1866, which are as follows:—*

"63. La société étant constituée, avec approbation du Gouvernement Egyptien, sous la forme anonyme, par analogie aux sociétés anonymes autorisées par le Gouvernement Français, elle est régie par les principes de ces dernières sociétés.

"Quoique ayant son siége social à Alexandrie, la société fait élection de domicile légal et attributif de juridiction à son domicile administratif à Paris, où doivent lui être faites toutes significations.

"64. Toutes les contestations qui peuvent s'élever entre les associés sur l'exécution des présents statuts et à raison des affaires sociales sont jugées par arbitres nommés par les parties, sans qu'il puisse être nommé plus d'un arbitre pour toutes les parties représentant un même intérêt.

"Les appels de ces sentences sont portés devant la Cour d'Appel de Paris.

"16. La Compagnie Universelle du Canal Maritime de Suez étant Egyptienne, elle est régie par les lois et usages du pays; toutefois, en ce qui regarde sa constitution comme société et les rapports des associés entre eux, elle est, par une Convention spéciale, réglée par les lois qui, en France, régissent les sociétés anonymes. Il est convenu que toutes les contestations de ce chef seront jugées en France par des arbitres avec appel comme surarbitre à la Cour Impériale de Paris.

"Les différends en Egypte entre la Compagnie et les particuliers, à quelque nationalité qu'ils appartiennent, seront jugés par les tribunaux locaux suivant les formes consacrées par les lois et usages du pays et les Traités.

"Les contestations qui viendraient à surgir entre le Gouvernement Egyptien et la Compagnie, seront également soumises aux tribunaux locaux et résolues suivant les lois du pays.

"Les préposés, ouvriers et autres personnes appartenant à l'administration de la

* State Papers, vol. lv, p. 993; vol. lvi, p. 283.

Compagnie, seront jugés par les tribunaux locaux, suivant les lois locales et les Traités, pour tous délits et contestations dans lesquels les parties ou l'une d'elles seraient indigènes.

"Si toutes les parties sont étrangères, il sera procédé entre elles conformément aux règles établis.

"Toute signification à la Compagnie par une partie intéressée quelconque en Egypte sera valablement fait au siége de l'administration à Alexandrie."

Correspondence presented to Parliament and French Yellow Book.

The correspondence is rather confused by the simultaneous discussion which has taken place of different questions, some of them of a highly technical character, and I have therefore thought it might be more convenient to separate them, preserving at the same time, as far as possible, the sequence of events.

1. *The Tonnage Dues.*

The Suez Canal Company was constituted in 1854, but the Canal was not opened until the 17th of November, 1869.

The due of 10 fr. a ton to which the Company was entitled was then levied on the net register tonnage, as shown by the ships' papers.

The tonnage of vessels is measured in England by a system known as the Moorsom system, which consists in ascertaining, according to certain rules, the whole contents of the hull and permanent erections, and dividing the total cubic feet thus arrived at by 100. The result gives the total *gross tonnage.*

From this *gross tonnage* various deductions are made for engine space, &c., and the result gives the *net register tonnage.*

The whole question of tonnage measurement in England and foreign countries being explained in the instructions given to the British Delegates in 1873, it is unnecessary to enter into further details in this précis.*

On the 4th of March, 1872, the Company adopted the following resolution :—

"1. A partir du 1 Juillet, 1872, la Compagnie Universelle du Canal Maritime de Suez percevra le droit spécial de navigation de 10 fr. par tonne *sur la capacité réelle* des navires; 2, *le gross tonnage ou tonnage brut, inscrit sur les papiers de bord de navires, d'après la méthode Anglaise actuellement en usage, servira de base à cette perception;* 3, les navires de toutes nations dont les papiers de bord n'indiquent pas ce tonnage établi d'après la méthode ci-dessus, y seront ramenés au moyen du *baréme* le plus récent de la Commission Internationale du Bas-Danube, rectifié ou complété au besoin; 4, les bâtiments qui n'auraient pas de papiers de bord ou n'en auraient que d'incomplets, seront jaugés par les Agents de la Compagnie d'après les règles actuellement en usage, en Angleterre, pour mesurer les navires chargés; 5, tous les espaces couverts à demeure ou provisoirement, qui ne seraient pas compris dans le tonnage officiel du navire, seront jaugés par les Agents de la Compagnie, *suivant la règle actuellement en usage en Angleterre, le tonnage obtenu sera soumis à la taxe.* Tout en adoptant comme base de la perception de ces droits le tonnage résultant du mode de mesurage, d'après la méthode susindiquée, la Compagnie du Canal Maritime de Suez ne renonce pas pour l'avenir à l'application de tel mode de jauge qui se présenterait avec des avantages de précision supérieurs à ceux du mode actuel."†

It will be observed that in this resolution the Company construed the words "ton of capacity" in the Concession to mean "real capacity" of the ship.

This "real capacity" the Company declared to have been ascertained, by a Commission of their own appointment, to be greatly in excess of the net register tonnage. By a curious calculation, they reckoned that the English gross tonnage was not fully measured, and that 30 per cent. on an average should be added to it. They then allowed 25 per cent. deduction for engine space, &c. The result was, in practice, to levy the dues on the entire *gross* tonnage, as shown in the ship's papers, with the effect of raising the dues about 30 per cent.†

This led to a remonstrance from the Newcastle Chamber of Commerce, which forms the first paper in the Correspondence laid in 1874.

On the 31st of August, Lord Granville addressed a despatch to Sir H. Elliot, instructing him to report on various points, and to request that no sanction might be

* Parliamentary Papers, 1874, p. 77.

† Ibid., pp. 73, 74, and 75.

given by the Porte to the system of levying tolls announced by the Company which might prejudge the question at issue.

Sir H. Elliot communicated this despatch to the Porte, and the Turkish Government intimated an intention of proposing a Conference.

In the meanwhile the Messageries Nationales had instituted proceedings against the Canal Company in the Tribunal of Commerce of the Seine. M. de Lesseps pleaded that the Court had no jurisdiction, as the Company was an Egyptian Company, and could not be attached in respect to agreements come to between it and the Khedive.

The Court nevertheless held that it had jurisdiction, and gave judgment against the Company.

M. de Lesseps thereupon appealed to the Khedive for support, repeating a declaration that he had made to the Court, that "The interpretation of the Act of Concession belonging of right to the Government, the author of such Concession, it cannot in any way belong to a foreign tribunal."

The Khedive referred him to the Porte, and he accordingly solicited the Porte to protest in the same sense, adding that he was ready to give any information with respect to the dues, and would "abide by the decision delivered by the Government of the Ottoman Empire." *

The Porte thereupon addressed a despatch to the Ottoman Ambassador at Paris, stating that the change of tolls had not been sanctioned by the Porte, who intended to come to an understanding with the other Powers on the unity of tonnage to be adopted, and to study the dues with a view of fixing a tax which would meet the requirements of commerce and the wants of the Company, and that the Porte could not allow the Company to be withdrawn from the jurisdiction to which it was amenable by the Act of Concession, and protested against any foreign jurisdiction being assumed over it.†

In January, 1873, the Porte made a formal proposal for a Tonnage Conference, and on the 3rd of March Lord Granville informed Sir H. Elliot that Her Majesty's Government were ready to take part in it, Colonel Stokes to be Commissioner, and the conclusions at which the Commission might arrive not to become operative until they had been referred to all the Powers and had been accepted by them.

Lord Granville added that Her Majesty's Government held the exaction of the increased dues to be illegal, and looked to the Porte to enforce its authority and secure the repayment with interest of the excess dues paid under protest both by British ships of war and merchant vessels.‡ (Parliamentary Papers 1874, page 40.)

It was not denied that the Porte had power to alter the dues, and it was then contemplated that there should be two Commissions, one International Commission to settle the basis of unity of tonnage, and a further Commission to subsequently consider the dues.

On the 11th of March the Cour d'Appel of Paris pronounced judgment on M. de Lesseps' appeal. It supported the Tribunal of the Seine in holding that it had jurisdiction, but reversed its sentence on the merits of the case, giving judgment for the Canal Company with costs, and ordering the restitution of the fine imposed by the Tribunal.

In forwarding a copy of this judgment to the French Ambassador at Constantinople, M. de Rémusat remarked "au point de vue diplomatique et international, je ne considère cette sentence que comme un argument théorique d'une haute autorité en faveur du système soutenu par la Compagnie de Suez et c'est à ce titre que je vous le transmets." (Yellow Book, page 36.)

The meeting of the International Tonnage Commission was delayed by various reasons, and the Porte being pressed to give a decision as to the meaning of the Act of Concession, sent a Vizirial letter to the Khedive on the 12th of July, 1873, stating that the term "tonneau de capacité" had no wise in view the tonnage registered in the ships' papers of this or that Power, but was meant to indicate the ton which should be adopted by all the Governments, and that the Porte was of opinion that net tonnage fixed by Moorsom's system, as the nearest appromixation to utilizable capacity, was the one that should be adopted. At the same time, if M. de Lesseps or the Powers demanded, an International Commission should be summoned for the purpose of determining the utilizable capacity. (Parliamentary Papers 1874, page 54.)

This left the whole question open, and the Khedive asked for explanations.

The Porte thereupon summoned the Commission to meet on the 15th of September,

* Parliamentary Papers, 1874, p. 20.

† Parliamentary Papers, 1874, p. 23; Yellow Book, p. 19.

‡ This was subsequently dropped, but it is as well to notice that the claim was made.

Colonel Stokes and Sir P. Francis, Her Majesty's Judge and Consul-General, being named as the British Delegates.

The Commission was again delayed, and M. de Lesseps took the view that the Vizirial letter accepted the new system of levying dues. In this he was supported by the French Government, while the English Government held that the meaning was directly opposite, and that it only recognized the net register tonnage as the legal basis of the dues (Parliamentary Papers, 1874, pp. 79, 80).

Constantinople Tonnage Commission.

The Commission met on the 16th of October 1873. The Reports of the British Commissioners occupy pages 84 to 122 of the Correspondence presented to Parliament in 1874, and pages 106 to 120 of the Yellow Book.

The *procès-verbaux* are annexed *in extenso* to the 1874 Correspondence.

The general effect of these Reports is to show that the views of the British Delegates, explained in a very masterly manner by Colonel Stokes, prevailed with the majority throughout.

The French Delegates wished the Commission to enter into a general discussion upon utilizable tonnage, and, finding that the majority refused to follow them, and were determined on adopting the Moorsom system of measurement, they declared they must retire, and did, in fact, abstain from voting at one meeting, being joined in their secession by their Russian colleagues.

It appears, however, from the Yellow Book that this was only with the object of procuring better terms for the Canal Company, and when threatened with a vote by the majority that the new dues were illegally levied, they returned, and took part in all the proceedings to the close, joining in signing the final Report.

It would not be possible to give an accurate abstract of this Report (published at p. 327 of the 1874 Correspondence) within the compass of a *précis*, nor would such an abstract be of any practical utility without an explanation of technical details.

The purport of the Report was that the Moorsom system was the correct system of measurement.

That every ship's papers should contain a certificate giving the gross and net tonnage.

That this certificate should be accepted in every country as the basis for the payment of all dues and charges, which are to be levied on the net tonnage.

Rules are then given for the deductions to be made from the gross tonnage to constitute this net tonnage: special regulations being provided for vessels having shifting bunkers which may be measured according to the rules in force on the Danube.

Provisional certificates of net tonnage may be issued by the competent authorities of the several countries, pending the establishment of a general system of measurement.

Surtax granted to the Company.

The Commission then recommends that a temporary surtax be allowed to the Company and that the Canal dues shall be levied on the following scale:

In addition to the 10 fr. per ton which the Company are entitled to levy, they shall be permitted to charge a surtax of 4 fr. a ton on the net register tonnage of vessels measured according to Section (*a*) of Clause 23 of the British Merchant Shipping Act of 1854.

This surtax to be reduced to 3 fr. per ton on vessels provided with the certificate of net tonnage measurement recommended by the Commission.

Vessels already measured according to this system and those measured according to Section (*b*) of the 23rd Clause of the 1854 Act to pay 3 fr., on condition that the deductions for net tonnage do not exceed 50 per cent.

Vessels not measured according to the Moorsom system to have their tonnage reduced by calculation to the scale of the Danube and to pay a surtax of 4 fr. per ton.

The surtax of 3 fr. per ton to be reduced in the following proportions:

To $2\frac{1}{2}$ fr. per ton as soon as the net tonnage passing through the Canal in a year reaches 2,100,000.*

To 2 fr. when it reaches 2,200,000.

* It is supposed that this will take place this year.

And so by progressive reductions of 50 c. for each annual increase of 100,000 tons until the net tonnage reaches 2,600,000 tons, when the dues are to revert to 10 fr. per ton.

Vessels of war, transports, and vessels in ballast to be exempt from the surtax.

Statement of Turkish Delegate.

The Turkish Delegate thereupon announced that the surtax of 1 fr., granted by the Porte in 1871, but of which the Company had not availed itself, was withdrawn, and that no modification should be allowed in future in the conditions of transit through the Canal, either in regard to navigation dues or dues for towing, anchoring, pilotage, &c., except with the assent of the Porte, who would come to an understanding with the principal Powers interested before arriving at any decision. (1874 Papers, pp. 328-332.)

Opposition of the Canal Company.

A Vizirial letter was addressed by the Porte to the Khedive, forwarding to him the report of the Commission approved by the Sultan, and inviting him to communicate it to the Canal Company, and adding that the arrangement as to the dues must take effect within three months. The Khedive communicated this to the Company on the 29th of January, 1874, and on the 31st M. de Lesseps replied, proposing an alternative arrangement which he declared necessary to meet the expenditure required for the improvement of the Canal, which he estimated at 30,173,175 fr. (1874 Papers, p. 128.)

His proposal was that the Company should accept the system of tonnage measurement and surtax, but that the surtax should be maintained until the shareholders had been reimbursed the amount due on their coupons (30,000,000 fr.), the improvements had been executed and the share capital had reached a net revenue of 8 per cent. The surtax then to be reduced annually 50 c.

He also protested strongly against the exemption from surtax of vessels in ballast.

The Porte rejoined that no alteration could be accepted, and that if the Company did not accede within the time fixed the original due of 10 francs must be reverted to, without surtax (1874 Papers, p. 137).

M. de Lesseps thereupon addressed a formal protest, March 20, to the Khedive against the action of the Porte as a violation of the Act of Concession, declaring that he held the Porte responsible for all the losses to the shareholders arising from the application of the Report of the Commission (1874 Papers, p. 140).

M. de Lesseps next required that the new regulations should be deferred until the 1st of July, and, on this being refused, threatened to oppose their execution by force and to stop the working of the Canal.

The Khedive was desired by the Porte to adhere to the time fixed, the 29th of April, and sent a force to take possession of the Canal if the Company persisted in its opposition. However, on the 26th, M. de Lesseps gave way, and the new regulations came into force on the 29th. (1874 Papers, p. 158.)

Question of Jurisdiction over the Company.

These discussions about the tonnage dues were much complicated by a subsidiary question as to the jurisdiction to which the Company was amenable in Egypt.

It will have been seen that M. de Lesseps pleaded before the Tribunal of the Seine that the Company was Egyptian, and subject only to the authority of the Porte.

On the other hand, he contended in a case of a disputed claim made by the Khedivian Mail-Packet Company, in May, 1872, that the Canal Company was only amenable to be sued in the French Consular Court, and appealed in support of his position to the terms of the Concession of 1866, which provided that "disputes in Egypt between the Company and individuals of any nationality whatever, shall be tried by the local Tribunals, in accordance with the forms sanctioned by the laws and customs of the country and by Treaties."

M. de Lesseps construed the term "local Tribunals" to mean the Consular Court, and was to some extent supported in this view by the French Government, who, however, did not regard it as a matter of right, but as a *modus vivendi* pending the appointment of better organized local Courts.

M. de Rémusat formally repudiated the notion of claiming the Company to be

under French jurisdiction, in a despatch to the French Ambassador in London, dated May 5, 1873, which is given at page 57 of the Yellow Book.

M. de Lesseps also started a pretension that the Company would only receive notices through the French Consulate.

Both these pretensions were strenuously resisted by the Egyptian Government. The question of the Consular Court has now been disposed of by the organization of the new Judicial Tribunals.

The British Consular Officers in Egypt were directed to resist the claim of the Company to receive official communications through the French Consulate, but this claim has again recently been put forward, and has again had to be resisted by the Egyptian Government. ("Egypt, No. 2, 1876," p. 127. See General Stanton's despatch of November 21, 1875.)

Remeasurement of Vessels by the Company.

It was provided in the Report of the Commission that provisional certificates should be given by the authorities of the different countries to entitle their vessels to the lower surtax of 3 francs. A special tonnage certificate was issued by the British Government to vessels which had been measured by the Board of Trade under the rules of the Constantinople Commission (1874 Papers, p. 157.). Nevertheless, the Suez Canal Company persisted in adopting a measurement of their own, accepting the Moorsom net tonnage, and levying a surtax of 4 francs if the engine deductions exceeded 32 per cent., and 3 francs if below, and then measuring the interior spaces, in order to ascertain under which scale the vessel should pay.

This gave rise to a fresh correspondence, which occupies the greater part of the Papers marked "Egypt No. 2, 1876." See the Board of Trade letter of August 10, 1874, and correspondence at pages 5, 9, &c., respecting the case of the "Pekin;" and pages 11, 27, 28, 31, &c., respecting the remeasurement of Her Majesty's ships "Teazer" and "Hart," and the troop ships "Jumna," "Prompt," "Euphrates," and "Hasty;" and page 49, remeasurement of the Austrian vessel "Polluce." A list of the vessels remeasured by the Suez Canal Company, furnished by Vice-Consul Perceval at Port Saïd, is given at page 68.

The Canal Company still continue this system of remeasurement, in spite of the representations made to the Porte by Her Majesty's Government.

Sir Henry Elliot has repeatedly pressed the Porte to insist upon the Company desisting from this practice, but for various reasons, although the Porte has engaged to do this, the matter has remained undecided. ("Egypt No. 2, 1876," p. 129.)

Besides the vexatious delay imposed by the remeasurement of the vessels, other impediments have been interposed by the Canal Company in regard to the levying the dues on tugs when accompanying ships of war, and disputes of various kinds have arisen from the claims of the Company. One case, that of the British vessel "Mesopotamia," in which the Company detained the vessel until the payment of damages for a collision between the ship and one of the Company's dredges, occasioned a long correspondence. ("Egypt No. 2, 1876," pp. 19—41, &c.)

Attitude of French Government.

Although the French Government disclaimed, as previously mentioned, the exercise of French jurisdiction over the Canal, the fact that the Canal had been a French work, and the shares principally held in French hands, is not lost sight of in the correspondence. A Memorandum, communicated by Count d'Harcourt, February 26, 1873 (1874 Papers, p. 39), says: "The British Government would take its stand on the interest of its navigation, which contributes, in so large a proportion, to the shipping in the Canal.

"The French Government, on its part, cannot remain indifferent to the situation of the French shareholders, who have in a great measure provided the capital for the undertaking."

Similar passages appear in the Yellow Book:—

"Le but unique que je crois devoir poursuivre, en faisant abstraction des personalités engagées dans ce débat, c'est de déterminer le Gouvernement du Sultan à adopter la solution qu'après mûr examen je considère comme la plus propre à sauvegarder, en fait, les intérêts des nombreux Français qu'une pensée patriotique, plus que le désir du

gain, a portés à soutenir de leurs capitaux une entreprise dont, malgré son origine étrangère, le caractère était à leurs yeux éminemment national." (M. de Rémusat to the French Ambassador at Constantinople, Yellow Book, p. 30.)

"Le percement de l'Isthme de Suez a été certainement une idée Française; c'est un fait acquis à l'histoire de la civilisation et que nous retenons au compte des services que la France lui a rendus. Mais, si la Compagnie a été Française dans ses éléments constitutifs, elle est devenue moralement universelle par les capitaux qui, de tous les points du monde, ont concouru à son œuvre." (M. de Rémusat to the French Ambassador in London, Yellow Book, page 60.)

At the Constantinople Commission M. de Lesseps sent in through the French Delegates a Memorandum addressed to the French Minister of Commerce, justifying the expenditure of the Canal (1874 Papers, page 93).

Proposals for Sale of Canal and Administration by an International Commission.

The early correspondence respecting this is given in the Appendix to "Egypt, No. 2, 1876." It commenced by a suggestion from the Khedive in December, 1870, that the Canal, the prospects of which were then doubtful, should be transferred to some English Company. This was referred to the India Office and Board of Trade. The Duke of Argyle replied that, "in his opinion there would be advantage to British interests in having the Suez Canal in the hands of English, rather than of French capitalists."

The Board of Trade replied at considerable length, and, after stating the arguments on both sides, suggested whether an arrangement could not be come to for placing the Canal under an European Commission similar to that of the Danube.

At the same time General Stanton was directed to furnish detailed information on various points, especially the income and working expenditure of the Canal.

His Report showed that, at the time, 64 per cent. of the tonnage passing through the Canal was British. The income for the first year might be estimated at about 250,000*l.*, and the working expenditure about 12,000*l.* per month.

In April 1871 Sir D. Lange addressed Lord Granville, stating that M. de Lesseps was endeavouring to raise a loan of 600,000*l.* to liquidate arrears of dividends to the shareholders. Sir D. Lange expressed his own strong opinion in favour of the Canal being placed under British management and receiving British assistance. Sir D. Lange (June 19) avowed a preference for this over a system of joint international management, and (June 21) informed Lord Granville that M. de Lesseps had intimated his willingness to submit to the Company the sale of the Canal to the Maritime Powers on the basis of its being purchased for 12,000,000*l.* sterling, and the payment of the shareholders' dividends, either by an annual charge of 400,000*l.*, or by a lump sum corresponding to it.

Lord Granville replied to Sir D. Lange that he considered it would be premature for Her Majesty's Government to give any opinion on the points raised by him (June 28, 1871).

In October Mr. Moore reported from Cairo that he had been informed by the Khedive that he had received a letter from M. Lesseps advocating the purchase of the Suez Canal by the Powers, and stating that both M. Thiers and M. Rémusat approved the project, and that the mediation of the Italian Government would be sought to bring about an understanding on the subject. Mr. Moore added that the Khedive did not appear to be favourably impressed with the scheme or anxious for its realization. On October 28, Sir H. Elliot reported that he had mentioned the project to Server Pasha, who said he had not heard of it, but had no hesitation in at once declaring that it was one which would never for a minute be entertained by the Porte. Sir H. Elliot subsequently forwarded a draft note to the Italian Government, proposed by M. Lesseps for the Khedive's approval. This draft was to the effect that the Italian Government should propose a Conference of Representatives of the Powers at Paris to consider the question of the purchase of the Canal, and arrange for freeing commerce from the dues by compensating the Company.

The Khedive merely acknowledged the receipt of the draft, and referred it to the Porte.

Lord Lyons forwarded (December 15) copies of this correspondence, furnished to him by M. de Lesseps, together with a copy of a letter from M. de Lesseps to the Italian Government in the same sense.

Sir D. Lange addressed a further letter to Lord Granville on the 29th, which Lord Granville acknowledged (January 3, 1872), saying he would communicate it to his colleagues. This closed the correspondence with Sir D. Lange.

The Board of Trade sent a summary of the Canal traffic for 1871, showing that 70 per cent. was British; and the Board again urged the purchase of the Canal by the Maritime Powers.

On the 22nd of January Musurus Pasha forwarded a communication from Server Pasha, stating that the Porte could not admit, even in principle, the sale of the Canal or the formation of an International Administration on Ottoman territory, and that M. de Lesseps had no right to raise the question of any such scheme. Musurus Pasha was desired to announce this categorically to Lord Granville.

The Italian Government do not appear to have taken any action on M. de Lesseps' communication, and the matter then dropped.

The Board of Trade reverted to the subject in a letter of the 21st of October, 1874. ("Egypt No. 2, 1876," p. 24), respecting the "Mesopotamia" case already referred to.

"The present case," the Board observed, "again illustrates what has appeared from the beginning of the discussion relating to the Suez Canal dues, viz., that complications and difficulties will be endless so long as this great highway of nations remains in the hands of a private Company."

The question of the purchase of the Canal was raised in the House of Lords on the 5th of June, 1874, when Lord Derby made a speech on the affairs of the Canal, saying that he had not heard that the Company desired to sell their rights, and that it would be iniquitous to attempt to take them by force, and that the Powers would never agree to do so. He added that, if a proposal were made to transfer the property of the Canal to an International Commission in such terms that all Governments should share its advantages, on conditions of equality, he would not say that it might not be right to examine such a proposal, but it had not been made, and he had no reason to believe that it would be made. (Yellow Book, p. 179; Hansard, vol. 414, p. 1,034.) In reporting this to Paris, M. Gavard remarked:—

"Dans cette circonstance, comme dans plusieurs occasions précédentes, le Comte Derby n'a fait que reproduire devant la Chambre les explications qu'il avait déjà données dans ses entretiens particuliers, et dont l'Ambassade a rendu compte à votre Excellence. On y voit sa pensée tout entière; respect avant tout des droits et de la propriété de la Compagnie, mais désir qu'elle soit amenée à les céder volontairement à une Commission Internationale." *

At the interview with M. Gavard on the 20th of November, 1875, when M. Gavard inquired whether Her Majesty's Government would object to the sale of the Khedive's shares to a French Company, Lord Derby replied as follows:—

"I told M. Gavard that I would answer his question in the same frank manner in which he had put it. The Suez Canal had been originated by a Frenchman, executed by French engineers, and carried out principally by means of French capital. The credit of the undertaking rested with the French nation, and it was in French hands that its direction was placed. On the other hand, of the shipping which made use of the Canal, more than three-fourths, and nearly four-fifths, was British. The interest of this country in the maintenance and proper management of the Canal, forming, as it did, a portion of the highway between us and our Indian possessions, was much greater than that of any other European nation.

"I had never concealed from the French Representative or Government, and I had indeed stated publicly in the House of Lords, my opinion that the arrangement most satisfactory to Great Britain would be that the Canal, forming so important a link in our communication with India and Australia, should be under the management of an International Commission, so that its control should not rest exclusively with any single Government or body of individuals.

"No opportunity had, however, arisen for making or even proposing such an arrangement, and we had to look to such safeguards as we actually possessed against the risk of the Canal being managed in a way detrimental to the general interest. Of these, the possession by the Khedive of a large interest in M. de Lesseps' Company was one." ("Egypt No. 1, 1876," p. 3.)

Again, in speaking to the Marquis d'Harcourt respecting the purchase of the shares by Her Majesty's Government, on the 27th of November, Lord Derby said:—

"I added that we had even now a minority of the Canal shares; but that the

* See also an interesting conversation between Sir A. Buchanan and an Austrian statesman in March 1875, as to making over the Canal to the Khedive. ("Egypt No. 2, 1876," p. 74.)

question for Her Majesty's Government was not one of establishing an exclusive interest, but of preventing an exclusive interest from being established as against this country. For my part, I had always expressed my opinion that the best arrangement for all the world would be the placing of the Canal under an International Commission like that of the Danube—an opinion which I still held; but I added that I was aware that the French Government were not prepared to entertain any such idea, and I therefore did not put it forward; but if France and other Governments altered their way of thinking, I did not anticipate that any difficulties would be made by England."

Accounts of these interviews are given in the Yellow Book, pages 203, 204.

On the 16th of December, 1875, the Newcastle Chamber of Commerce, which had previously been in repeated communication with the Foreign Office respecting the disputed tolls, &c., wrote that "Although the acquisition of the Khedive's shares by Her Majesty's Government may tend to the protection of British interests, this Chamber would attach a higher value to the transaction were it to afford an opportunity to Her Majesty's Government of facilitating or promoting any scheme for the internationalization of the Canal.

If the Suez Canal was bought up by the countries interested in its trade, in a somewhat similar manner as was adopted in the case of the Sound dues, and if it were placed under the control of an International Commission, as has been done with the Danube, not only would all grounds for national jealousy be removed, but the regulations respecting traffic and the terms of transit might be placed on a permanent and satisfactory basis.

Furthermore, an arrangement might be made for the provision of additional capital for the widening and improvement of the Canal, as well as for the gradual redemption of all tolls beyond what might be necessary for its proper working and maintenance." ("Egypt No. 2, 1876," page 130.)

It must be remembered that the financial condition of the Canal Company has materially altered since M. de Lesseps' proposal in 1871-72. The Company was then scarcely paying its way and earning neither interest nor dividend on its shares. On the other hand it had only contracted one loan; the first issue of Debentures 100,000,000 fr., repayable at 166,156,500 fr.

Now the shares are at a premium, the original 500 fr. shares selling at 708 fr., and the contingent 10 per cent. promoters' shares, which get no dividend until the interest on the original shares and charges are met, selling at the high figure of 567*l.* (14,175 fr.) At the same time, the two further charges of 20,000,000 fr., repayable at 25,000,000 fr. and 34,000,000 fr., have been contracted.

Claims against the Company for illegal levying of Dues.

It has already been mentioned that Her Majesty's Government declared to the Porte that they held the change of dues on the part of the Company in 1872 to be illegal, and the Porte responsible for its continuance.

The Tonnage Commission avoided pronouncing on the illegality of the dues by passing to the recommendation of a surtax, without taking a vote on the question of illegality. The Porte has also not announced an absolute judgment, though it has expressed a strong opinion on several occasions.

The North of England shipowners inquired on the 14th of May, 1874, whether the recommendations of the Tonnage Commission were to have a retrospective effect, or whether the overcharged dues could be refunded.

Lord Derby replied on the 25th:—

"That although the dues levied on the Canal from the 1st July, 1872, to the 28th April, 1874, have been shown by the decision of the Commission to be illegal, yet they were but slightly in excess of those which have been recommended and are now levied as a surtax to enable the Company to maintain its great work without absolute loss.

"Lord Derby is therefore of opinion that, as British commerce has undoubtedly benefited by the opening of the Canal, and would be much injured by the failure of the Company to fulfil its engagements, it would be of doubtful advantage for British shipowners to press their claims for the restitution of the excess dues levied since the 1st July, 1874" (1874 Papers, p. 163).

On the 7th of October a similar intimation was made to the Admiralty in regard to a claim of that Department for overcharges on Her Majesty's ships. ("Egypt No. 2, 1876," p. 17.)

The claims of the Company against the Porte for being forced to accept the decision of the Commission have already been referred to. The Porte formally repeated its repudiation of them in a circular to the Powers of the 21st of July, 1875. ("Egypt No. 2, 1876," p. 124.)

M. de Lesseps' Proposals for a Compromise in regard to the Surtax.

The object of these claims against the Porte, and the pretensions to remeasurement, &c., was, of course, to obtain better terms for the Company.

M. de Lesseps' proposal in January, 1874, that the surtax should be continued until the share capital reached a net revenue of 8 per cent., has already been noticed.

In July, 1874, M. de Lesseps told Lord Lyons that he had a proposal to make for the settlement of all disputes. This proposal, which he represented to be his own personal view, was—

"That the sale of the Canal by the present Company is entirely out of the question;

"That some means of raising a larger revenue than is now received must be found;

"That the Company might resort to a 'droit de stationnement" for vessels at Port Saïd, which would be warranted by the terms of their Concession, but which would be objectionable, inasmuch as it would have the appearance of being an indirect mode of arriving at a result which was not attainable by direct means.

"That it would be very desirable to make a settlement which would put an end to all further disputes;

"That, for this purpose, a fair settlement would be, 1st, that no difficulty should be made to allowing the Company to raise the 1 fr. granted by the Porte some years ago, to enable it to contract a loan; and, 2ndly, that the surtax granted by the International Commission should be maintained for ten years, and should be then, without reference to the amount of the traffic through the Canal, reduced 50 c. a-year, by which means it would come to an end altogether in six years.

"M. de Lesseps observed that probably the most simple plan would be to add the 1 fr. previously granted by the Porte to the surtax granted by the Commission, and then, after the ten years, to reduce both together at the rate of 50 c. a-year; or, he said, the 1 fr. might cease as soon as the loan, with regard to which it had been granted, should be paid off." ("Egypt No. 2, 1876," p. 2.)

Sir H. Elliot was informed, August 3, of the opinion of Her Majesty's Government on this proposal, to the effect that it was obvious some steps were needed to maintain and improve the Canal; that this should be done by and through the Porte, in consultation with the maritime Powers; in that case M. de Lesseps need not retract his protests, but that it must be made clear that the authority of the Porte was fully maintained. The first thing to be done was for the Company to state to the Porte what were the necessities or dangers against which they desired to provide, the specific works proposed, and estimated cost. The Porte should then refer these proposals to the Powers. ("Egypt No. 2, 1876," p. 4.)

Sir H. Elliot replied that he thought the proposal of continuing the surtax for a term of years instead of reducing it by a sliding scale might be entertained, but there might be a difficulty in raising a loan for works. ("Egypt No. 2, 1876," p. 14.)

In April 1875, M. Charles Lesseps went to Constantinople to endeavour to arrange with the Porte for raising the funds required for works on the Canal. He proposed to do this either by an increase of the rate of dues, or by deferring the reduction of the surtax. The French Ambassador gave him his support, and Sir H. Elliot assured both the Ambassador and M. de Lesseps that the British Government were ready to discuss the question in a friendly spirit, but that the Company must submit to the Porte and show this by abandoning the system of remeasurement. ("Egypt No. 2, 1876," pp. 84, 87, 89.)

The Porte asked Sir H. Elliot what course they should pursue, and he replied that they were pledged not to sanction any increase of the dues without concert with the Powers.

M. Charles de Lesseps' proposal to the Porte was that the funds should be raised either by a "droit de stationnement" of 1 franc, or by postponing the period when the diminution of the tariff is to begin, in such a manner as to be equivalent to one additional franc. ("Egypt No. 2, 1876," pp. 92-3.)

On the 12th of May, 1875, M. Gavard communicated a despatch from the French

Government strongly supporting the claim of the Company to be allowed to raise funds for works, pointing out that the revenue of the Company was insufficient to provide them, and expressing an opinion in favour of the prolongation of the surtax. ("Egypt No. 2, 1876," p. 99.)

The Khedive mentioned to General Stanton that he had been informed of these proposals, but that he thought before the additional surtax was agreed to an inquiry should be made into the working expenses of the Canal, and that the supervision of any works undertaken should be intrusted to a special Commissioner independent of the Council of Administration.

The Austrian Government also expressed an opinion that before the proposals could be entertained the nature of the works required should be examined into, and guarantees given that the augmented revenue should be employed exclusively to cover their cost. ("Egypt No. 2, 1876," p. 102.)

On the 12th of June Lord Derby replied to the French Government through Lord Lyons that Her Majesty's Government could not advise the Porte to buy the submission of the Company with the concession of its demands, and that no proposals should be entertained until the Company had loyally submitted to the authority of the Porte by strictly conforming to the recommendations of the Constantinople Commission. When that submission was made Her Majesty's Government would be ready to consider any fair proposals.

The Duc Decazes expressed much disappointment at this reply. He did not see the necessity for obtaining the consent of the Khedive to the proposals, nor did he know why M. de Lesseps should be called upon to make a mere platonic declaration of submission.

Lord Lyons pointed out that the resistance of the Company, by the refusal to receive the tonnage certificates, was an actual, and not a platonic resistance; and Lord Derby maintained the position which Her Majesty's Government had taken up. (*Ibid.*, pp. 106-112.)

On the 12th of June, Sir H. Elliot reported that the Porte had shown him the Khedive's criticisms on the proposals. The Khedive considered that the questions should be referred to a Commission; that the necessity for new works should be examined to see whether they ought not to be paid for out of the ordinary revenues, and calculations of future revenue and working expenses investigated. He, moreover, held that the Company must submit to the Porte, who should consult with the Powers.

The French Government again urged the proposals of the Company on the 5th July (page 118), but in the meanwhile the Company withdrew their proposals, and recalled M. Charles de Lesseps.

Works proposed on Canal Surveys.

The details of the expenses of administration and maintenance of the Canal are given in the statement presented by M. de Lesseps, through the French Delegates, to the Constantinople Commission:—

	Francs.
Central Administration	610,900
Head Agency and Cash Offices in Egypt	236,599
Transit and Navigation	1,617,377
Domain	308,309
Water (supply of Port Saïd)	168,860
Sanitary service at Ismaïlia	20,396
Maintenance of Canal and workshop	1,906,715
Total	4,869,156

(1874 Papers, p. 95.)

To this was added the interest and sinking fund of loans 11,707,730 francs.

In the communication made by M. Charles de Lesseps to the Porte in 1875, ("Egypt No. 2, 1876," page 93), the obligatory charges were stated as follows:

	Fr.
Charges sociales (intérêt et amortissement des emprunts, contrôle du Gouvernement)	11,700,000
Entretien de Canal, dépenses d'exploitation, frais généraux	5,400,000
Domaine (frais généraux, création de voies, appropriation de terrains) ..	450,000
Eaux (dépense relative à la conduite, qui, partant d'Ismailia, fournit, entre cette localité et Port Saïd, ainsi qu'à cette dernière ville, la seule eau potable) ..	200,000
Entretien du matériel	300,000
Intérêt de 400,000 titres représentant les coupons dus aux actionnaires pour la période improductive de Juillet 1870 à Juillet 1874	1,700,000
Dans peu d'années cette dépense sera augmentée, pour l'amortissement de ces 400,000 titres le	300,000
Intérêt à 5 pour cent du capital social	10,000,000
Total	30,050,000

The revenue was stated to be

	Fr.
Droit de navigation sur 2,100,000 tonnes, à 13 fr.	27,300,000
Nous prenons cette base, admettant que lorsqu'on sera arrivé à ce chiffre de tonnage, tous les navires seront jaugés d'après le système Danubien. Nous ne mentionnons pas les navires de guerre et sur lest, dont la quantité est essentiellement variable, et n'est pas d'ailleurs fort importante.	
Recettes de pilotage, passagers, remorquage, passage des barques, domaine, eaux	2,800,000
Total	30,100,000

The necessary improvements were estimated in 1874 at 30,173,175 francs. (1874 Papers, p. 130.)

In 1875 they were estimated at 10,000,000 francs more, as follows ("Egypt No. 2, 1876," p. 93) :—

Travaux Projetés.

	Fr.
Amélioration des gares	3,059,375
Rectification des courbes	3,208,800
Elargissement du Canal dans la section de Suez	750,000
Empierrement des verges	1,540,000
Achèvement des bassins actuels de Port Saïd	915,000
Etablissement de pieux d'amarrage en fonte, avec massifs en maçonnerie, autour des bassins de Port Saïd, dans les gares et sur le parcours du Canal pour amarrage et déséchouage des navires	4,494,200
Création de nouveaux bassins, suivant le projet de la Commission Franco-Egyptienne de 1866	9,720,000
Achat de matériel pour exécuter les travaux	4,500,000
Total	28,187,375

Travaux Eventuels.

Travaux en vue du maintien de l'accès facile de Port Saïd (prolongement de la jetée, ou tel autre système qui serait reconnu préférable)	9,000,000
Construction de quais maçonnés autour des bassins de Port Saïd. Mémoire.	
Dragages dans l'avant-port de Port Saïd pour élargir le chenal d'entrée ..	3,375,000
Total général	40,562,375

There have been various surveys and reports on the Canal:—the Report on the Canal by Captain Richards and Colonel Clarke, presented to Parliament in 1870; one by Colonel Stokes, in April, 1874 (1874 Papers, p. 145); another by Vice-Admiral Ryder, in December, 1874 ("Egypt No. 2, 1876," p. 53); and a Survey of Port Saïd and its Approaches, made by Lieutenant Millard, R.N., in the early part of 1875 ("Egypt No. 2, 1876," p. 107).

Colonel Stokes also provided, November, 1874, a plan showing the surveys made by the French in 1869, and by British officers in 1870 and 1873. ("Egypt No. 2, 1876," p. 30.)

These reports and surveys are of too technical a character to be summarized in a précis. The general effect of them is to show that there is a continuous silting up of the Port Saïd entrance, which has to be kept down either by a system of breakwaters or by dredging. According to last accounts, given by M. de Lesseps to Lord Lyons, the new dredges which had been brought into operation have been successful, and the silting up has been recently kept under.

Purchase of Suez Canal Shares.

The correspondence respecting the purchase by Her Majesty's Government of the Khedive's shares is presented in so compendious a shape in the Parliamentary Paper,

"Egypt No. 1, 1876," and the circumstances are so recent that it is not necessary to include it in this *Précis*. The despatches to and from General Stanton of November 15, 18, 23 and 25, resulted in the purchase of the shares on the 25th. The agreement for purchase was forwarded by General Stanton on the 27th (page 7). The shares purchased numbered 176,602 instead of 177,642, the number which Her Majesty's Government had telegraphed they would purchase. The reason this latter number was specified was that it is the number mentioned in the Financial Conventions between the Khedive and the Company of August 6, 1860, and March 20, 1863. (State Papers, vol. 55, pp. 997, 1002.)

A statement of the stocks of the Company is given in a despatch from Lord Lyons (page 9), and specimens of the different scrip in the Appendix. These are required in order to show the precise conditions of the issue of the various shares, &c., and the consequent charges on the revenues of the Company.

The foregoing *Précis* is confined to the published papers and correspondence, and will, I trust, prove sufficient to give a general view of the history of the Canal and the relations between the Company and Her Majesty's Government since its opening.

(Signed) TENTERDEN.

SUEZ CANAL SHARES.

MEMORANDUM

BY

MR. F. S. REILLY

ON THE

CONCESSIONS, STATUTES, &c., OF THE SUEZ CANAL COMPANY.

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No. 2.

Memorandum by Mr. F. S. Reilly on the Concessions, Statutes, &c., of the Suez Canal Company.

1854.
November 30.
State Papers, vol. 55 p. 970.

First Concession.

The Viceroy was then Said Pasha.

M. Ferdinand de Lesseps having called the Viceroy's attention to the advantages which would result to Egypt from the junction of the Mediterranean and the Red Sea by a passage navigable for large vessels, and having informed him of the possibility of constituting for this purpose a Company formed of capitalists of all nations, the Viceroy had accepted his views, and grants to him by these presents exclusive power to constitute and direct a Universal Company for the piercing of the Isthmus of Suez and the working of a Canal between the two seas . . . . . within and subject to the restrictions, conditions, and charges specified, being in substance the following:

Article 1. M. de Lesseps to constitute a Company, whereof the Viceroy intrusts to him the direction, under the name of the *Universal Company of the Maritime Canal of Suez*, for the piercing of the Isthmus of Suez, the management of a passage fit for large vessels, the making or appropriation of two sufficient entrances, one on the Mediterranean, the other on the Red Sea, and the establishment of one or of two ports.

Art. 2. The Director of the Company to be always named by the Egyptian Government, and to be chosen, as far as possible, from among the shareholders most interested in the undertaking.

Art. 3. The duration of the Concession to be for 99 years from the day of the opening of the Canal between the two seas.

Art. 4. Works. Grants of public land. Fortifications.

Art. 5. The Egyptian Government to receive yearly from the Company 15 per cent. of the net

profits shewn in the balance-sheet of the Society, without prejudice to the interest and dividends belonging to the shares which the Government reserves a right to take on its own account on their being issued, and without any guaranty on its part, as regards the execution of the works or the operations of the Company. The rest of the net profits to be divided as follows:

75 per cent. for the benefit of the Company.

10 per cent. for the benefit of the original promoters.

Art. 6. Tariffs of charges to be agreed between the Company and the Viceroy, and to be always equal for all nations.

Arts. 7, 8. Public land.*

Art. 9. Mines. Quarries. Free importation.

Art. 10. On the expiration of the Concession the Egyptian Government is to succeed to the Company, to enjoy without reserve all its rights, and to enter into full possession of the Canal and its establishments. The compensation to be allowed to the Company for giving up its plant to be determined by agreement or arbitration.

Art. 11. The Statutes of the Society to be submitted to the Viceroy, and to be approved by him. Alterations to receive his previous sanction. Statutes to contain list of promoters, approved by Viceroy.

Art. 12. Promise of support.

The concession having to be ratified by the Sultan, the Viceroy delivers this copy to M. de Lesseps for preservation. The works of the Canal are only to be commenced after the authorization of the Porte.

* Abrogated by Article 3 of Agreement of 22 February, 1866.

Second Concession.

1856.
January 5.

State Papers, vol. 55, p. 976.

Recital of first Concession, followed by this:

M. de Lesseps having represented to the Viceroy that, with a view to the constitution of the Company, according to the forms and conditions generally adopted for societies of this nature, it is expedient to stipulate beforehand, in an instrument more detailed and more complete, on the one hand the charges

obligations and payments to which this Society is to be subjected, and on the other hand the concessions privileges and advantages to which it is to be entitled, as well as the facilities to be granted to it for its management.

The Viceroy had (therefore) determined as follows the conditions of the Concession :

§ 1.—*Charges.*

Article 1. The Society founded by M. de Lesseps, under the Concession of 30 November, 1854, is to execute, at its own risk and cost, the works (here specified) within six years.

Art. 2. Power to enter into contracts.

Four-fifths of workmen employed to be Egyptians.*

* Abrogated by Article 1 of Agreement of 22 February, 1866.

Art. 3. Description of Maritime Canal.

Arts. 4, 5, 6. Description of Canal for irrigation and other works.

Art. 7. The Maritime Canal and its ports and the other canals to be always kept in good condition by the Company, and at its expense.

Art. 8. Irrigation.

Statutes, Art. 76.

Art. 9. Reservation to the Egyptian Government of power to attach to the Company a Special Commissioner, to be paid by the Company. If the seat of administration is established out of Egypt, the Company to keep an Agent at Alexandria.

§ 2.—*Concessions.*

Arts. 10, 11, 12. Lands.†

† Abrogated by Article 3 of Agreement of 22 February, 1866.

Art. 13. Mines. Quarries. Free importation.‡

‡ The Customs privileges here granted, as interpreted and regulated by the decision of 5 March, 1869, given by the Commission which met at Cairo for this purpose, are renounced by the Company by Article 1 of the Agreement of 23 April, 1869.

Art. 14. Solemn declaration by Viceroy, subject to ratification of Sultan, of Maritime Canal and its ports being always open, as neutral passages, for all merchant ships, on payment of dues.

Art. 15. No preference to any vessel, Company, or person.

Art. 16. Duration of Society to be ninety-nine years, reckoned from completion of works and opening of Maritime Canal.¶

¶ The opening was on 17 November, 1869.

At the expiration of that time, Egyptian Govern-

ment to enter into possession, and take all the plant of the Company, and to pay the value as fixed by agreement or by experts.

Nevertheless, if the Company preserved the concession by successive periods of ninety-nine years,* the charge in favour of the Government (Article 18) would be raised for the second period to 20 per cent.; for the third period to 25 per cent.; and so on, but never to exceed 35 per cent.

* Explained by Art. 15 of Agreement of 22 February, 1866.

Art. 17. Dues on vessels (*maximum*, 10 francs a ton of capacity, and a head for passengers), and charges for water for irrigation.

Art. 18. In consideration of the foregoing concessions, the Viceroy reserves, for the benefit of the Egyptian Government, a charge of 15 per cent. on the net profits of each year, as ascertained and divided by the general meeting of shareholders.

Art. 19. List of promoters (*fondateurs*) to be fixed by the Viceroy.

After the charge of the Egyptian Government (Article 18), 10 per cent. of the net annual proceeds of the undertaking to be assigned to the promoters, being members, or to their representatives or assigns.

Art. 20. M. de Lesseps to preside over and direct the Society, as the original promoter, for ten years from the commencement of the ninety-nine years' term (Art. 16).†

† Saved by Art. 77 of Statutes.

Art. 21. The Statutes hereto annexed of the Society created under the designation of *Universal Company of the Maritime Canal of Suez* are hereby approved, this approbation having effect as authorization of constitution, according to the form of *sociétés anonymes*, to date from the day on which the capital of the Society shall be fully subscribed.

Art. 22. Promise of assistance and support.

Art. 23. Revocation of provisions inconsistent.

The Concession having to be ratified by the Sultan, the Viceroy delivers to M. de Lesseps this authentic copy, in order that he may be able to constitute the said financial Company. As regards the works for the piercing of the Isthmus, the Company will have power to execute them itself as soon as the authorization of the Porte has been granted to the Viceroy.

Approved by Article 21 of the Second Concession, above.

State Papers, vol. 55, p. 981.

Statutes of the Company.

CHAPTER I.—*Formation and Object of Society.—Name.—Seat.—Duration.*

Article 1. There is hereby formed among the subscribers and proprietors of the shares hereinafter created a Society (*une société anonyme*) by the name of *Universal Company of the Maritime Canal of Suez.*

Art. 2. Objects of the Society stated.

The whole, according to the clauses and conditions of the concession resulting from the Ordinances of the Viceroy of 30 November, 1854, and 5 January, 1856.

Art. 3. The Society to have its seat at Alexandria, and its administrative domicile at Paris.

Art. 4. The Society commences from the day of signature of the instrument (*l'acte social*) declaring that the whole of the shares had been subscribed for. Its duration is the same as that of the concession.

Art. 5. Preliminary expenses.

CHAPTER II.—*Capital.—Shares.—Payments.*

Art. 6. The capital of the Society is fixed at two hundred million francs, represented by four hundred thousand shares of five hundred francs each.

Art. 7. The certificates of shares and debentures, whereof the Council of Administration is to determine the form, to be in Turkish, German, English, French, and Italian.

Art. 8. The amount of each share to be payable in specie at places named.

Art. 9. Instalments to be paid according to calls made by the Council.

Arts. 10, 11, 12, 13. Provisional nominal certificates (scrip).

Arts. 14, 15. Five per cent. per annum chargeable on calls in arrear. Sale by Society of shares on which calls in arrear.

Art. 16. Shares (*les actions définitives*) are to bearer. Transfer of them is effected by mere delivery of the share certificate.

Numbering, signing, and sealing of shares.

Art. 17. The Council may authorize the deposit and keeping at the Society's office of share certificates to bearer. In that case, it determines the form of the nominal certificates of deposit, the conditions of their delivery up, and the securities wherewith this measure should be surrounded in the interest of the Society and of the shareholders.

Art. 18. Each share gives a right to a proportionate part of the property constituting the assets of the Society (*l'actif social*).

Art. 19. Every share is indivisible. The Society recognises only one proprietor for each share.

Art. 20. The rights and the obligations attaching to a share follow the share-certificate in the hands of the holder.

The possession of a share implies absolute adhesion to the statutes of the Society and to the resolutions of general meetings of shareholders.

Art. 21. Restrictions as to remedies against Society, of creditors of shareholders, and others.

Art. 22. The shareholders are only liable to contribute the amount of the capital of their shares, and beyond that any call of capital is prohibited.

See Article 73, and Code de Commerce, Article 33: Les associés ne sont passibles que du montant de leur intérêt dans la société : confirmed by Law of 24 July, 1867, Article 21.

Art. 23. The Council may authorize the issue of the share certificates in anticipation, but only by a general measure applicable to all the shareholders.

Chapter III.—*Council of Administration.*

Article 24. The Society is managed by a Council composed of 32 members representing the principal nations interested in the undertaking.

Reduced to 21 by resolution of General Meeting of 24 August, 1871; Report, p. 12.

A Committee chosen out of the Council is specially charged with the direction and conduct of the affairs of the Society.

Art. 25. Non-responsibility of members of Council personally.

Arts. 26, 27. Members elected by general meeting for eight years; rotation of members, one-eighth going out each year, but re-eligible; casual vacancies.

Art. 28. Each member must be proprietor of 100 shares, which are inalienable, and remain deposited with the Society during the whole continuance of his functions.

Art. 29. Remuneration.

Art. 30. President and Vice-Presidents.

Art. 31. Meetings. Decision by majority present. Casting vote of President. Quorum.

Art. 32. General Secretary of Company may be present at sittings of Council, with right to join in deliberations.

Art. 33. Minutes of proceedings.

Art. 34. The Council is clothed with the most extensive powers (*des pouvoirs les plus étendus*) for the administration of the affairs of the Society.

It determines the propositions to be submitted to general meetings of shareholders.

It decides on the propositions of the Managing Committee respecting the objects here specified.

Art. 35. Nomination by Council of Managing Committee. Power of delegation of authority to officers of the Company and others.

Art. 36. Voting by proxy in Council not admitted.

When the Council has to deliberate on changes to be made in the tariffs or in the Statutes, or on loans or increase of the capital of the Society, on questions of new concessions, on negotiations for union with other undertakings, on the dissolution and the winding up of the Society, the absent members are to have a month's notice of the object of the deliberation, and to be invited to take part in the vote, or to address their opinion in writing to the President, who is to read it at the meeting of Council, after which the decisions of the Council are adopted by the majority of votes of the members present.

Chapter IV.—*Managing Committee.*

Art. 37. The Managing Committee is composed of the President of the Council and of four members of it specially appointed.

Arts. 38, 39. Meetings. Minutes.

Art. 40. The Committee is clothed with full powers for the conduct of the affairs of the Society.

It represents the Society, and acts in its name by one or more of its members, in all cases where the intervention of the general meeting of shareholders or of the Council of Administration is not expressly required, especially as regards the objects here enumerated.

Actions are brought by or against the President

and the members of the Committee. Consequently, notices are to be served by and on the Managing Committee in the name of the Society.

Art. 41. Delegation of authority to servants of the Company and others.

Art. 42. An Agent resides at Alexandria.

Altered by resolution of General Meeting, 2 June, 1874, so that the Agent may reside anywhere in Egypt; Report, p. 13.

Chapter V.—*General Meeting of Shareholders.*

Art. 43. A general meeting regularly constituted represents the whole body of shareholders.

Art. 44. A general meeting consists of all shareholders holding at least twenty-five shares.

It is regularly constituted if the shareholders who compose it are in number forty, and represent one-twentieth part of the capital of the Society.

Art. 45. When on a first notice the shareholders present do not fulfil the conditions above specified in order to give validity to the proceedings of the general meeting, the meeting stands adjourned, and the adjournment cannot be for less than two months.

A second notice is given in the prescribed manner.

The deliberations of the general meeting on this second occasion can only extend to the matters of which notice was given for the first occasion. The proceedings are valid whatever be the number of the shareholders present and of shares represented.

Art. 46. Annual general meeting in the first fortnight of May.*

Extraordinary general meetings may be summoned by the Council of Administration.

* Altered by resolution of General Meeting of 6 August, 1864, so that the meeting may be held at any time from 1 May to 1 August on the summons of the Council.

Art. 47. Two months' notice of meetings.

Altered to one month by resolution of General Meeting of 2 August, 1869; Report, p. 87.

Art. 48. Shareholders, to have a right to be present or represented at a general meeting, must prove, at the domicile of the Society, at least five days before the meeting, that they have deposited their share certificates at the office of the Society, or with a representative of the Company (as here indicated).

Deposits made under these conditions confer a right to tickets of admission by name.

Shareholders having certificates of deposit have also the right to have themselves represented at general meetings by proxies furnished with regular

These are, I think, the certificates provided for by Article 17.

powers, the form whereof is determined by the Council.

Proxies must deposit their papers of authority at the domicile of the Society five days at least before the meeting.

No one can represent a shareholder at a meeting unless he is himself a member of that meeting.

Art. 49. Chairman. Scrutineers. Secretary.

Art. 50. Resolutions of a general meeting are adopted by a majority of votes of members present or represented.

The Chairman has a casting vote.

Art. 51. Twenty-five shares give one vote. The same shareholder cannot have more than ten votes, either as shareholder or as proxy.

Art. 52. Demand of ballot by ten members.

Art. 53. Minutes.

Art. 54. An attendance sheet, for the purpose of shewing the number of members present at the meeting and the number of shares represented by each of them, is annexed to the rough minutes of the proceedings, as are also the proxy powers given by absent shareholders. This sheet is to be signed by each shareholder on coming into the meeting.

Art. 55. The Council settle the Agenda (order of the day), for the General Meeting. No question other than those comprised in the Agenda can be discussed.

Art. 56. General description of powers of general meeting; followed by this:

The approval of a general meeting is necessary for every decision bearing on the following objects (that is to say):

(1.) New concessions.
(2.) Union with other undertakings.
(3.) Alterations of the statutes.
(4.) Dissolution.
(5.) Increase of capital.
(6.) Loans.*
(7.) Settlement of accounts on completion of works.
(8.) Settlement of annual accounts.
(9.) Appropriation for reserve fund.
(10.) Declaration of dividend.

* This is the first mention of loans. There is no limitation of amount or other restriction. Art. 62 also refers to loans.

Art. 57. Resolutions relating to the objects mentioned in Article 56, paragraphs 1, 2, 3, 4, 5, and 6,

must, to be valid, be adopted by a meeting comprising at least one-tenth of the capital of the Society, and by a majority of two-thirds of the votes of the members present, being at least 50 in number.

Art. 58. Resolutions of a general meeting adopted in conformity with the Statutes bind all the shareholders, even those who are absent or dissenting.

Chapter VI.—*Annual Accounts.—Sinking Fund.—Interest.—Reserve Fund.—Dividend.*

Art. 59. During the execution of the works an annual payment is made to the shareholders of interest at five per cent. on the sums paid by them in pursuance of Article 9.

Provision is made for payment of this interest by temporary investments and other extraordinary receipts, and, if necessary, out of capital.

Art. 60. Accounts for period of execution of works.

Art. 61. From and after the opening of the Maritime Canal, a general statement of the assets and liabilities of the Society up to 31 December last preceding, is prepared in the first quarter of each year, and is submitted to a general meeting.

Art. 62. The annual proceeds of the undertaking are applied in the first place in providing in the following order for—

1. The expenses of maintenance and working, the costs of administration, and generally all the charges of the Society.

2. The interest of and sinking fund for loans * which may be contracted. * Art. 56.

3. Five per cent. on the capital of the Society, to provide, for shares redeemed and not redeemed,† an annual interest of 25 francs a share, the interest attributable to shares redeemed being carried to the sinking fund constituted under Article 66. † Art. 66.

4. Four one-hundredths per cent. on the capital, also applicable to this sinking fund.

5. The amount required for creating or keeping up a reserve fund for unforeseen expenses, according to Article 69.

The excess of the annual proceeds, after these

various prior charges, constitutes the net proceeds or profits of the undertaking.

The difference between this and Art. 62 is to be noticed. There is no priority here; the several sums would be allocated concurrently.

Art. 63. The net proceeds or profits of the undertaking are divided in the following manner:

1. 15 per cent. for the Egyptian Government.
2. 10 per cent. for the promoters.
3. 3* per cent. for the administrators.
4. 2 per cent. for the establishment of a fund for pensions and other benefits for officers and servants.
5. 70† per cent., as a divisible sum, to be divided among all the shares redeemed and not redeemed, without distinction.

* Reduced to 2 per cent. by resolution of General Meeting of 24 August, 1871; Report, p. 12.

† Increased to 71 per cent. by same resolution.

Art. 64. Place of payment of interest and dividend.

Payment of interest 1 July, 1 January.

Payment of dividend 1 July.

Dividend on account, 1 January, if Council think fit.

Notice of payment.

Art. 65. Interest and dividend not claimed for five years forfeited.

Art. 66. The redemption of the shares is effectuated in 99 years, according to the table of redemption prepared in pursuance of the present Statutes.

This table is not annexed to the Statutes.

Provision is made for this redemption, as stated, Art. 62, by means of an annuity of 0 fr. 04 c. per cent. on the capital of the Society, and of the interest at 5 per cent. on the shares from time to time paid off.

If it should happen that, in the course of one or more years, the net proceeds of the undertaking were insufficient to secure the payment off of the number of shares to be redeemed, the amount necessary for making up the sinking fund would be the first charge on the reserve fund, and, it failing, on the first net proceeds available for the purpose in subsequent years, in preference and priority to all distribution of dividend.

Drawings for shares to be paid off.

Art. 67. Publication of numbers drawn.

Art. 68. Place for payment of shares drawn.

The bearers of shares redeemed preserve the same rights as the bearers of shares not redeemed, with the exception of the interest at 5 per cent. on the capital which has been paid off to them.

Art. 69. The sum to be appropriated for creating

or keeping up the reserve fund (Art. 62) is 5 per cent. on the annual proceeds, after deduction of the charges defined in paragraphs 1, 2, 3, 4, of that Article.

When the reserve fund amounts to five million francs, a general meeting of shareholders may, on the proposal of the Council, reduce or suspend the annual appropriation, to be resumed when the reserve fund is reduced below that amount.

Art. 70. The part of the annual profits set apart for the promoters is represented by special instruments of title, whereof the Council determines the number, the nature, and the form.

These are the instruments called *Parts de Fondateur*.

The provisions of Articles 17, 18, 19, and 21, relating to shares, are equally applicable to those instruments. Interest of promoters in lands.

Chapter VII.—*Alterations of the Statutes.—Liquidation.*

Art. 71. If experience shews the advantage of modifications in or additions to the present Statutes, the general meeting provides for the same. (Art. 57.)

The resolutions of a meeting in this behalf can however only be put in execution after the approbation of the Egyptian Government.

Full powers are given beforehand to the Council, by a majority of two-thirds of the votes of the members present at a meeting specially summoned for this purpose, to consent to changes which the Egyptian Government may think necessary to make in alterations voted by a general meeting.

Art. 72. In case of dissolution of the Society, a general meeting, on the proposal of the Council, determines the mode to be adopted either for liquidation or for the constitution of a new Society.

Chapter VIII.—*Jurisdiction.—Disputes.*

Art. 73. The Society being constituted with approbation of the Egyptian Government, *sous la forme anonyme*, by analogy to the *sociétés anonymes* authorized by the French Government, it

In 1872, proceedings were begun by some shareholders with a view to the conversion of the Company into a French *société anonyme*, governed by Law of 24 July, 1867. The Council opposed, and the General Meeting rejected the proposal. Report, 12 March, 1872.

is governed by the principles of these last mentioned Societies.

1866-7. Proceedings taken by Company in French Courts. Report, General Meeting, 1 August, 1867, p. 42.
1871-3. Litigation in Paris with Company of Messageries Maritimes.

The Society, although having its corporate seat (*siége social*) at Alexandria, elects to have its domicile for legal and jurisdictional purposes (*domicile légal et attributif de juridiction*) at its administrative domicile at Paris, where all notices are to be served on it.

Art. 74. All contentious matters arising among the members of the Society with reference to the execution of the present Statutes, and in relation to the affairs of the Society, are decided by Arbitrators named by the parties, one for each; so that not more than one Arbitrator be named for all the parties representing one and the same interest.

The appeals from these decisions are taken to the Court of Appeal at Paris.

A French Court (Tribunal Civil de la Seine) is stated to have held that a shareholder cannot bring an action against the Council without the consent of a General Meeting. Report, General Meeting, 1 March, 1872, p. 11.
Various proceedings by shareholders appear. Report; General Meeting 31 July, 1872, pp. 8, 9.

Art. 75. Contentious proceedings relating to the general and collective interests of the Society cannot be taken either against the Council of Administration or against one of its members except in the name of the whole body of the shareholders, and by virtue of a resolution of a General Meeting.

Every shareholder who desires to institute a contentious proceeding of this kind is to give notice thereof to the Council fifteen days at least before the General Meeting, the notice to be supported by the signature of at least ten shareholders, being in a position to attend the meeting. The Council is then bound to put the question among the Agenda of the meeting.

If the proposition is rejected by the meeting no shareholder can reproduce it in legal proceedings in his own interest. If it is admitted, the meeting appoints as a Committee one or more persons to conduct the proceedings.

Notices arising out of the proceedings can only be addressed to that Committee. In no case are they to be addressed to the shareholders personally.

Chapter IX.—*Special Commissioner of Egyptian Government attached to Company.*

Second Concession, Art. 9.

Art. 76. In conformity with the *cahier des charges*, a special Commissioner is attached to the Company,

at its administrative domicile, by the Egyptian Government.

The Commissioner is empowered to take cognisance of the operations of the Society, and to make all communications or notifications necessary for the accomplishment of his functions, with a view to the execution of the *cahier des charges* of the Concession.

Chapter X.—*Transitory Provisions.—First Council of Administration.*

Art. 77. Constitution and special powers of first Council, to continue for five years after opening of Maritime Canal, with power to fill up vacancies, with saving for M. de Lesseps' presidency (Art. 20 of Second Concession).

Chapter XI.—*Publication.*

Art. 78. Publication of copies of Statutes.

The Viceroy having taken cognisance of the proposed Statutes, whereof the original containing 78 Articles is deposited in his archives, declares that he gives to the said Statutes his approbation, to the end that they may be annexed to the Concession and *cahier des charges* of even date herewith.

Capital subscribed and Company fully constituted.

1858.

November—December.

At this time the whole capital was subscribed. The French subscribers took more than one-half; 21,229 subscribers, representing, on average, ten shares each.

Report; First General Meeting of Company, 15 May, 1860, pages 38, 49.

M. de Lesseps declared in a notarial act (15 December, 1858) according to the terms of Article 4 of the Statutes, the Company was constituted; and, in support of this declaration, deposited a statement shewing names and residences of subscribers, and number of shares subscribed for by each.

In execution of Article 77 of the Statutes it was declared in the same act that the Council of Administration, nominated for the duration of the works and the first five years following the opening

of the Canal, would be composed of the members designated in that act.

On 20 December, the Council of Administration held its first sitting, and passed a resolution declaring the Company definitively constituted.

Two-tenths of the capital, 100 fr. a share, were required to be paid on subscription, or in course of 1859-60.

Page 43.

Some shares which had been subscribed for by bankers not having been taken up, they were entered in the name of the Viceroy.

Page 47.

The Company submitted to their legal advisers (*conseil judiciaire*) the following three questions:

(1.) Was the Society regularly and validly constituted at its origin?

(2.) Has the condition of the subscription been fulfilled?

(3). Is the Society, in fact and in law, irrevocably constituted, as well in relation to the Viceroy as in relation to each of the shareholders?

These three questions were unanimously answered in the affirmative, the opinion afterwards receiving the approval of other lawyers in Paris.

(Le premier coup de pioche a été donné à Port Saïd le 25 Avril, 1859. Report, General Meeting, 2 August, 1869, p. 63. First General Meeting held 15 May, 1860.)

1860.

August 6.

Financial Agreement containing the first settlement of account with the Egyptian Government respecting its subscription.

State Papers, vol. 55, p. 997.

In the present instrument is contained the following agreement respecting the shares of the Company which are to be inscribed in the name of the Viceroy to the number of 177,642.

Article 1. There shall be carried in the books of the Company to the debit of the Viceroy, as from 1 January, 1859, the amount of the two first instalments of one-tenth each.

	Fr.	c.
Equal, at 100 fr. a share, to ..	17,764,200	00
Deduct sum to be credited to him for capital and interest of payments already made	2,394,914	52
Balance due by him	15,369,285	48
Deduct interest due to him on sums paid by him between 1st January, 1859, and 31st December, 1859 ..	121,242	60
Balance due to Company	15,248,042	88

Art. 2. This balance shall be paid to the Company in bonds (*obligations; sanad talab*) on the Egyptian Treasury to fall due at the times here stated, with interest at ten per cent. per annum, from 1st January, 1860, to the times of payment (which end on 8th December, 1866).

Art. 3. The bonds shall be accepted by the Company as cash, and their amount shall be passed to the credit of the account current of the Viceroy as from 1 January, 1860.

Art. 4. The amount of the two first instalments of one-tenth each on the shares having been thus paid, interest at five per cent. per annum shall be placed to the credit of the Viceroy, as from 1 January, 1860, and shall be paid half-yearly, 1 January and 1 July. The amount of this interest shall be deducted from the ten per cent. interest to be calculated on the amount of the bonds.

Art. 5. In conformity with the preceding Articles the Company is to deliver to the Viceroy shares equivalent to the amount of the sums so paid by him.

Art. 6. The remaining eight-tenths of the amount of the shares shall only be paid by the Viceroy as from 1 January, 1867, and up to 15 January, 1875, by one-eighth part a year divided equally over the several months of the year. The payment of these eight-tenths shall be effected by means of bonds on the Treasury falling due at the times mentioned in the present Article, carrying interest equal to that which the shares are to carry, whereof the bonds are the equivalent, so that the interest on the two sides may be balanced.

(18 March, 1863; Agreement respecting Fresh Water Canal.)

Financial Agreement for settlement of the balance of payments on Shares subscribed for by Egyptian Treasury.

1863.
March 20.

In execution of the engagements contracted by the Egyptian Government it has been agreed between the Viceroy and the Company to liquidate in the following manner the participation of the Egyptian Government in the subscription of the capital of the Company.

State Papers, vol. 55, p. 1002.

At this time the present Viceroy, Ismail, had succeeded his uncle, Said, who died 18 January, 1863.

The account of the subscriptions of the Egyptian

Government to the capital of the Company settled up to 1 January last is as follows:

The Egyptian Government is subscriber for 177,642 shares.

	Fr.	c.	Fr.	c.
The 300 fr. a share already called constitute a total debit of			53,292,600	00
From which deduct—				
1. The amount of the advances made by the Egyptian Treasury for surveys and other preliminary purposes	2,516,157	12		
2. Interest at 5 per cent. on that sum from 1 January, 1860, to 1 January, 1863, for the half-yearly coupons applicable to the instalments which this sum represents on account of the first call of 100 fr. made at the time of the subscription, 3 years	377,423	55		
3. The amount of the capital of the bonds already delivered to the Company (value as on 1 January, 1860) for the balance of the first call of 100 fr. a share	15,248,042	10		
			18,141,622	77
Difference to the debit of the Egyptian Government on 1 January, 1860 (the interest due for this capital being set off against the half-yearly coupons of the shares)			35,150,977	23

Whereas it is expedient to accomplish two objects —first, to release the Egyptian Government in relation to the Company, according to the resources and convenience of its Treasury, by placing it in a position equal to that of all the other shareholders, so that it will be able to have the free disposition of its documents of title; secondly, to enable the Company to realize its capital according to its wants.

Article 1. The Company preserve the free disposition of the bonds of the Egyptian Treasury already delivered to it in conformity with the agreement of 6 August, 1860.

Art. 2. For effecting the discharge of the second and third instalments of 100 francs, payable on the 177,642 shares, for which the Egyptian Government is subscriber, the Government engages to pay to the Company, as from 1 January, 1864,

month by month until complete payment, the sum of one and a half-million francs a month.

It is well understood, that in conformity with previous agreements, the sums paid by the Egyptian Treasury shall, as they are received by the Company, be placed to the credit of the account of the subscriptions opened with the Viceroy, and shall carry the interest at 5 per cent. per annum, belonging to the half-yearly coupons due on the shares; the interest reciprocally due for the surplus being set off.

Art. 3. The Government reserves the option, when the convenience of its Treasury requires, to remit to the Company the amount of the monthly payments above agreed for in paper (*bons*) of the Treasury, negociable and under the following conditions:

(1.) The charges of discount and of negociation shall be borne by the Government, so that the Company may always receive payment without deduction and in specie.

(2.) The paper is to be delivered to the Company a month at least before date of payment.

Art. 4. For the two other fifths, the Government reserves to itself the right when the Company makes a call on its shareholders to make, in agreement with the Company, such arrangements as will suit the state of the Treasury.

Interposition of Porte.

1863.

April 6.

The Porte, seeing in the concession of the Fresh Water Canal and of vast tracts of land a menace to its independence, and in the stipulations for the providing of workmen a contravention of the laws* under which the Ottoman Empire is governed, declared, by a diplomatic note of this date, addressed to its representatives in Paris and London, its opposition to the continuance of the works.

State Papers, vol. 55, p. 1006 *n.*

The summary contained in this and the next four following paragraphs is taken from the preamble of the submission to the arbitration of the Emperor of the French.

* The laws referred to are laws relating to abolition of forced labour (*corvée*).

The same notification was made to the Viceroy, who, submitting himself to the authority of his Sovereign, communicated to M. de Lesseps by letter of this date his intention to treat on and to settle these questions with the Company, and accredited

August 18.

Summary of these discussions; Report, General Meeting, 1 March, 1864, pp. 47 and following.

Nubar Pasha to come to an understanding with it on the propositions to be submitted. These propositions were stated in letters of 12 and 28 October, 1863.

The Council of Administration of the Company rejected these propositions. The two parties sustained their respective contentions by notes and arguments.

1864.

February—July.

Arbitration by Emperor of French.

The Viceroy wrote to the Emperor Napoleon the Third, to beg of him to pronounce on the questions still pending between the Egyptian Government and the Company.

March 1.

The Emperor accepted the reference, and a general meeting of shareholders agreed to it. An order of the Emperor, of 3 March, constituted a Commission to make a preliminary examination into the questions submitted. The parties appeared before the Commission, and after several sittings held at the Ministry of Foreign Affairs, they adopted and signed in the presence of the Commission a submission to arbitration (*compromis*).

April 21.

State Papers, vol. 55, p. 1007 *n*.

The questions submitted related to (1) the employment of Egyptian workmen; (2) the Fresh Water Canal; (3) lands; (4) the compensation to be allowed to the Company on the withdrawal of the advantages granted and concessions made in connexion with the Canal.

July 6.

Published in Moniteur, 2 August 1864; in Lord Cowley's despatch of 2 August, 1874.

State Papers, vol. 55, p. 1004.

The total sum awarded by the Emperor was eighty-four millions of francs. Payment was to be spread over a period of 15 years, ending with 1 November, 1879. The amount was made up as follows:

	Fr.
Compensation for substitution of machines and European workmen for Egyptian workmen	38,000,000
Compensation for resumption of land granted	30,000,000
Compensation for dues to be levied on Fresh Water Canal	6,000,000
Repayment of sums expended for works done or to be done at Fresh Water Canal	10,000,000
Total	84,000,000

(In a communication by the French Government to the Senate and Legislative Body it was stated that the Porte had declared that the conditions to which its consent had been made subject had been fulfilled. Report, General Meeting, 5 October, 1865, p. 45.)

Agreement with Egyptian Government.

1866.

January 30.

State Papers, vol. 56, p. 274

Article 1. Egyptian Government to keep strategical points.

Art. 2. Power for Government to occupy sites for post offices, customs, barracks, and other services.

Art. 3. Right of individuals to establish themselves along the Maritime Canal.

Arts. 4, 5. Egyptian Government to take possession of the Fresh-Water Canal on terms here specified.

Art. 6. Company sells to Government property of the Wady (Toumilat) for ten million francs.

Art. 7. If Fresh-Water Canal delivered by Company to Government in 1866, sums due by Government as well on this account as for purchase of property of Wady (together twenty million francs) shall be paid to the Company between 1 July and 1 December 1866.

In case the call remaining to be made on the shares is made recoverable by the Company in 1866 the amount of the sums due on this head by Government, being seventeen and a half million francs, or thereabouts, shall be paid to the Company between 1 January and 1 December, 1867.

The sums forming the balance of compensation agreed to by Government recoverable after 1 November, 1866 (about 57,750,000 fr.) shall be paid to Company between 1 January 1867 and 1 December 1869, as here specified.

All payments to be made to the Company in *francs effectifs*.

Agreement with Egyptian Government.

February 22.

Recitals of the instruments above-mentioned of— State Papers, vol. 56, p. 277.

30 November, 1854.
5 January, 1856.
20 July, 1856.
18 March, 1863.
20 March, 1863.
30 January, 1866.

Followed by this:

This agreement was made in execution of the Emperor's award.

In a communication by the French Government to the Senate and Legislative Body it was stated that this agreement was drawn up by the French Ambassador at Constantinople, in accordance with his instructions, in concert with the Ottoman Ministers, and after considering the observations of the two parties. Report, General Meeting, 1 August, 1866, p. 53.

The Porte, on being solicited in conformity with the Concession of 5 January, 1856, to give its ratification to the Concession of the undertaking of the Canal, declared, by a note of 6 April, 1863, the conditions to which this ratification was subjected :

In order to give full satisfaction in this respect to the Porte, an understanding has been come to between the Viceroy and the Company, embodied in the Agreement whereof the clauses and stipulations follow :

Article 1. Revocation of instrument of 20 July, 1856, regulating employment of Egyptian workmen, and of part of Article 2 of Concession of 5 January, 1856, relating to same subject.

Egyptian Government to pay as compensation 38,000,000 fr.

Company to procure for itself, without privilege and without restriction, the necessary workmen.

Art. 2. Company renounces benefit of Articles 7, 8 of Concession of 30 November, 1854, and of Articles 10, 11, 12, of that of 5 January, 1856.

Art. 3. Compensation due to Company by Government for surrender of lands, 30,000,000 fr.

Art. 4. Extent of lands to belong to Company, fixed by plans and tables annexed.

Report of Commissioners appointed to fix the boundaries of the lands necessary for the proper working of the undertaking of the Maritime Canal, and to be enjoyed by the Company during its Concession, printed in State Papers, vol. 56, p. 285.

Arts. 5, 6, 7. Company surrenders to Government the second part of the Fresh-Water Canal between the Wady, Ismailia, and Suez, on terms here specified.

Art. 8. Total compensation due to Company, 84,000,000 fr., to be paid to it by Government, with residue of the amount of the shares of Government, in case of Company making a call in 1866, and 10,000,000 fr., price of sale of Wady, in manner indicated in table annexed.

This Table is printed in State Papers, vol. 56, p. 284. It provides for payment of 101,850,000 francs, by instalments, ending 1 December, 1869.
These payments have been made.

Art. 9. The Maritime Canal and its appurtenances remain subjected to the Egyptian police, which shall exercise its functions freely, as at every other point of the territory, so as to secure good order, the public peace, and the execution of the laws and regulations of the country.

The Government to enjoy the right of passage *à travers* the canal without charge.

Arts. 10, 11. Government to occupy positions for defence, for post offices, and other establishments.

Art. 12. Right of individuals to settle along Canal.

Art. 13. It is understood that the establishment of Customs services is not to interfere in any way with the freedom in respect of Customs duties of the general traffic carried *à travers* the Canal by vessels of all nations without distinction, exclusion, or preference in respect of person or of nationality.

Art. 14. Egyptian Government, in order to insure the faithful execution of the Agreements between it and Company, to have right to keep, at its own expense, a Special Commissioner attached to Company and at works.

Art. 15. It is declared, by way of interpretation, that at the expiration of the 99 years of the concession of the Canal of Suez, and in default of any new agreement between the Egyptian Government and the Company, the concession shall absolutely cease.

Art. 16 of Second Concession.

Art. 16. The Universal Company of the Maritime Canal of Suez being Egyptian, it is governed by the laws and usages of the country; at the same time, as regards its constitution in the character of a Society, and the relations of its members among themselves, it is, by virtue of a special Agreement, regulated by the laws which in France govern the *sociétés anonymes*. It is agreed that all disputes on this head shall be decided in France by arbitrators, with appeal to the Imperial Court of Paris as umpire.

Differences in Egypt between the Company and individuals, to whatever nationality they belong, shall be judged by the local tribunals, according to the forms prescribed by the laws and usages of the country and the Treaties.

Under the new system of judicature which took effect on 1 January, 1876, mixed civil cases, one of the parties being Egyptian, are within the jurisdiction of the Egyptian Courts.

Disputes arising between the Egyptian Government and the Company shall also be submitted to the local tribunals, and decided according to the laws of the country.

The overseers, workmen, and other persons belonging to the administration of the Company, shall be judged by the local tribunals according to the local laws and the Treaties, in respect of all offences and disputes where the parties are natives, or one of them is a native.

If all the parties are foreigners, proceedings

among them shall be carried on in conformity with established rules.

Every notice to the Company by a party interested in Egypt shall be valid if given at the seat of administration at Alexandria.

Art. 17. All former instruments, concessions, agreements, and statutes, remain in force in all provisions not inconsistent with the present Agreement.

1866.

March 19.

State Papers, vol. 56, p. 293.

Firman of Sultan.

My illustrious Vizier, Ismail Pasha, Viceroy of Egypt, and so forth :

The realization of the great work destined to give new facilities to commerce and for navigation by the cutting of a canal between the Mediterranean and the Red Sea being one of the most desirable events in this age of science and of progress, conferences have been had for some time past with the Company which asks authority to execute this work, and they have ended in a manner conformable, as regards the present and the future, with the sacred rights of the Porte, as well as with those of the Egyptian Government.

The Agreement, the tenour of the Articles whereof here follows in translation, has been drawn up and signed by the Egyptian Government, in conjunction with the representative of the Company; it has been submitted for Our Imperial sanction, and, after having read it, We have given Our assent to it.

(Here follows at full length the Agreement of 22 February, 1866.)

The present Firman, emanating from Our Imperial Divan, is delivered to this effect, that We grant Our sovereign authorization for the execution of the Canal by the said Company, on the conditions prescribed in that Agreement, as also for the regulation of all accessory matters according to that Agreement, and the instruments and agreements therein incorporated and referred to, which form an integral part thereof.

This includes the Statutes.

(1866-7. Remaining 200 frs. called; Reports, General Meetings 1 August, 1866, p. 22; 1 August, 1867, p. 53.)

Agreement with Egyptian Government.

1869.
April 23.

In Colonel Stanton's despatch of 5 May, 1869.

Article 1. Company to be subject to Customs and other duties and taxes.

Art. 2. Surrender of all claims on part of Company respecting Fresh-Water Canal.

Art. 3. By consent of both parties it is understood that the Company has no other object than the working, maintenance, and improvement of the Maritime Canal. It consequently retires into the position which it would have as of common right, and renounces every special exception, liberty, or privilege. Accordingly, the Government shall henceforth exclusively perform post-office and telegraph services for the Company, as for the public. The Company shall preserve, however, the liberty of having its special telegraph for its services connected with the works, and the transit of vessels in the Maritime Canal.

Fishing; Fishing Boats.

Art. 4. Sale of lands appurtenant to Canal. Sale money to be divided equally between Government and Company.

This is regulated by a special agreement of even date, with an Additional Article published in Report, General Meeting 2 August, 1867, p. 27.

Art. 5. The Company renounces, in relation to the Egyptian Government, all claim or compensation whatever, as well on its own account as on that of its contractors, in respect of any real or alleged damage anterior to the date of the present Agreement.

Art. 6. The advantages accruing to the Government from the preceding Articles are taken by agreement as of the value of 20,000,000 fr.

Arts. 7, 8, 9. The Company grants to the Government for 10,000,000 fr. buildings and property here specified, on terms.

Art. 10. The payment of the 30,000,000 fr. before stipulated, shall be made by the Government to the Company, by means of the immediate delivery of so many coupons of interest on shares of the Company as will be necessary to pay that sum, with interest at 10 per centum per annum, detached from the 176,602 shares in the Company whereof the Government is proprietor.

The coupons to be delivered up shall be those which will begin to fall due on 1 January, 1870.

In consideration of this surrender of coupons, as

above expressed, the President-Director gives, as from this time, in the name of the Company, a good and effectual receipt to the Viceroy for the said sum of 30,000,000 fr.

Advance on Detached Coupons.

1869.

June 26.

Report; General Meeting of August 2, 1869, p. 41.

M. de Lesseps, in a letter of this date, informed Nubar Pasha that—

With a view to the execution of the Agreement of 23 April, 1869, relative to the payment of the 30,000,000 fr. due to the Company, and in conformity with the intentions of the Viceroy, the Company proposed the creation of 120,000 certificates (titres) which would be issued at 270 fr., repayable at 500 fr., on (the security of) the income to accrue from the Viceroy's coupons; the time for repayment being fixed at twenty-five years, during which the lenders would have the enjoyment of the interest and dividends belonging to the coupons.

Fifty coupons, beginning from 1 January, 1870, were to be detached from the shares, deposited at the Company's office, and annulled.

The 2,400,000 fr. which would be produced, above the 30,000,000 fr., would be applied for the half-year's interest, payable 1 January, 1870, and for expenses.

July 14.

Same Report, p. 42.

By letter of this date, Nubar Pasha announced that the Viceroy approved of the plan proposed; consequently, the Viceroy was about to order that fifty coupons should be detached from each of the 176,602 shares belonging to the Egyptian Government and be delivered into the hands of the Company.

The Viceroy disclaimed all guaranty and all responsibility with reference to the consequences of this operation.

August 2.

Same Report, p. 43.

In the Report to the General Meeting of shareholders, held this day, it was stated that, in consequence of the acquiescence of the Viceroy, the Council proposed to the Meeting to realize the sum of 30,000,000 fr. by the issue of 120,000 *titres de délégation de coupons*. These certificates would

give a right during twenty-five years to the annual proceeds accruing to the 176,602 shares belonging to the Egyptian Government, or to about two-fifths of the revenues of the Canal.

These proceeds would be divided as follows :

(1.) Under the denomination of interest, to the amount of 25 fr. for each certificate.

(2.) Under the denomination of sinking fund, for repayment of 500 fr. for each certificate, calculated in the usual way.

(3.) Under the denomination of supplemental distribution, or of dividend, by the payment of the whole surplus of the revenue accruing to the 176,602 shares.

These distributions of proceeds were to be made half-yearly, on 1 January and 1 July.

The General Meeting passed a resolution approving of this arrangement. Same Report, pp. 80, 86.

(1869. November 17. Opening of Canal.)

Voting Power for Egyptian Shares.

1871
August 24.

The general meeting of shareholders held this day passed a resolution in substance as follows :

As the Egyptian shares cannot be represented at general meetings while deprived of their coupons, and as, on the other hand, the *délégations de coupons* cannot, any more than the shares, be admitted in that behalf, the meeting decides that there will be ground for the future for taking the twentieth or the tenth of the shares necessary for giving validity to general meetings on the basis of 223,398 shares, instead of the basis of 400,000 shares, required by Articles 44 and 67 [57] of the Statutes; to which resolution there was appended this :

It was stated by M. de Lesseps, at the General Meeting of 1 August 1867, that the Viceroy had charged him (M. de Lesseps) to represent him at that meeting in his character of shareholder and that this accounted for the meeting of that day representing 210,000 shares (Report, p. 41). Lord Lyons reports a conversation with M. de Lesseps on this subject, 10 Dec. 1875.

Note.—In conformity with Article 71 of the Statutes, resolutions relating to alterations of the Statutes can only be put in execution after the approbation of the Egyptian Government.

1872.
March 12.

The Report to the General Meeting held this day set out a letter of the Commissioner of the Viceroy to the Company, stating that the Viceroy will soon communicate his decision on the resolution of Report, page 2.

24 August, 1871, relative to the number of shares necessary for giving validity to general meetings.

On this the Report observes to this effect:

As regards the disputed right of the Viceroy to have his shares, which are deprived of their coupons, represented at general meetings, the Egyptian Government not having adopted the opinion of the Council of Administration, and the resolution of the general meeting consequent thereon, the question was submitted afresh to the legal advisers of the Company, who had already given ther opinion on this subject, first before the issue of the *délégations*, and a second time before the general meeting of 20 July, 1871. The legal advisers met for the third time, 11 December, 1871. Their former opinions were confirmed by them in the following terms:

Whereas the right of being present at general meetings is only allowed to members of the Society, being proprietors of 25 shares, that is to say, having at the same time the property and the enjoyment, the two-fold interest which is to be represented in the general meetings:

And whereas there are accordingly excluded, as well those shareholders who do not fulfil the condition of number, as those whose certificates, whatever be their quantity, are no longer entire, and represent only the capital or the enjoyment, and not both the one and the other:

For these reasons, the legal advisers adhere to their former opinions.

These views (the Report stated) had been communicated to the Egyptian Government. Their answer was waited for, in the hope that an arrangement would be come to, with reference to the mode of settling the difference in case the Government persevered in its opinion.

1872.
July 31.

The Report to the General Meeting held this day stated to the following effect:

Report, p. 7.

The shareholders had been informed at the General Meeting of 12 March, 1872, of the refusal of the Viceroy to allow the alteration of Articles 44 and 67 [57] of the Statutes.

The advisers of the Egyptian Government had considered that the notices by which the public had been asked to take the *délégations de coupons* announced formally that the holders thereof (*les délégataires*) would not have the right of being present

at General Meetings. Consequently, inasmuch as a property of 176,000 shares could not be wholly without representation at the deliberations relating to that property, they regarded the right of the proprietor as not open to discussion.

A Note of the Egyptian Government dated 3 June, 1872, had requested their Commissioner to submit these considerations to the legal advisers of the Company.

The Report then set out the opinion of the legal advisers of the Company dated 2 July, 1872. The conclusion at which they arrived was, that there was good ground, in the state of dispute that existed, until the difference should receive a solution, to admit provisionally the certificates of the Viceroy, at the next General Meeting.

(1872. 4 March. Resolutions of Council of Administration relative to mode of determination of ton of capacity, which gave rise to the controversy respecting tonnage dues. Report, General Meeting, 12 March, 1872, p. 9.)

Share Capital and Charges.

The following is the present distribution of share and loan capital and other capital interests in the Company :

I. *Ordinary Shares :* 200,000,000 fr.
400,000 at 500 fr. each; with coupons not specifying interest or dividend. The shares are fully paid up. Le capital social de 200,000,000 fr. est donc versé en totalité. (Report, General Meeting, 2 Aug., 1869, p. 16.)

II. *Promoters' Shares :* 10 per cent. of divisible annual net profits, divided into 1,000 shares (*parts de fondateur*).

III. *Loan of 1867 :* 100,000,000 fr.
Repayable in 50 years, at 166,666,500 fr.
333,333 Debentures (*Obligations*) of 500 fr.; with coupons for interest, 12 fr. 50 c. half-yearly. Authorized at General Meeting 1 August, 1867. (Report, pp. 55, 61, 68.) Issued at 300 fr. (Report, General Meeting 2 June, 1868, p. 14.) Bill for facilitating this loan, pp. 16, 63. Some Debentures have been drawn for payment.

IV. *Loan of 1871 :* 20,000,000 fr.
Repayable in 30 years, at 25,000,000 fr.
200,000 Debentures (*Bons trentenaires*) of 125 fr.; with coupons for interest, 4 fr., half-yearly. Authorized at General Meeting

24 August, 1871. (Report, p. 13.) Raised to cover two years' arrears of interest on Debentures of 1867. Egyptian and Turkish Governments authorized surtax of 1 fr. a ton for the purpose of this loan, to cease on the loan being paid off. (Report, p. 9.) 12,000,000 fr. only issued, repayable at 15,000,000 fr. (Report, 17 July, 1873, p. 1.) Surtax never levied and merged in larger surtax now allowed, on Report of Constantinople Commission on Tonnage. Not stated whether loan of 1867 has priority over this or not.

V. *Consolidated Arrears of Interest on Shares:* 34,000,000 fr.

Repayable in 40 years from 1882.

400,000 *titres* of 85 fr. each, representing seven coupons of 5 per cent. per annum interest on the ordinary shares, in arrear from 1 July, 1871, to 1 July, 1874; with coupons for interest, 4 fr. 25 c. yearly. Interest and sinking fund to come next after interest and sinking fund on loans, § 2 of Art. 62 of Statutes. Operation described, Report, 2 June, 1874, p. 2; Resolution, p. 13.

VI. *Advance on Detached Coupons of Egyptian Government Shares:* 30,000,000 fr.

120,000 *délégations de coupons d'actions*, each entitled, for 25 years, to 25 fr. a year interest, to repayment at 500 fr., and to dividend (if any) on Egyptian shares. (This is not a general charge on the Company.)

A copy of each of the instruments is appended to the Parliamentary Paper, Egypt No. 1 (1876).

The following is the present market value in Paris:

	Fr. c.	£ s. d.
I. Share	708 75	28 7 0
II. Promoter's share ..	14,175 00	567 0 0
III. Debenture of 1867 ..	521 00	20 16 10
IV. Debenture of 1871 ..	132 00	5 5 7
V. Arrears of interest ..	72 50	2 18 0
VI. Detached coupons ..	592 50	23 14 0

The foregoing Memorandum is a collection of materials only. It does not profess to deal with the legal and other points that present themselves for consideration.

(Signed) F. S. REILLY.

EGYPT. No. 5 (1876).

SUEZ CANAL SHARES.

MEMORANDA by Lord Tenterden and Mr. F. S. Reilly.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

EGYPT. No. 6 (1876).

CONCESSIONS, CONVENTIONS, STATUTES, AND RESOLUTIONS

OF THE

SUEZ CANAL COMPANY,

WITH THE

SULTAN'S FIRMAN.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1416.] *Price* 6½*d.*

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Concessions, Conventions, and Statutes of the Suez Canal Company, with the Sultan's Firman.

No. 1.

Acte de Concession du Vice-Roi d'Egypte pour la construction et l'Exploitation du Canal Maritime de Suez et Dépendances entre la Mer Méditerranée et la Mer Rouge.—Caire, le 30 Novembre, 1854.

NOTRE ami M. Ferdinand de Lesseps ayant appelé notre attention sur les avantages qui résulteraient pour l'Egypte de la jonction de la Mer Méditerranée et de la Mer Rouge par une voie navigable pour les grands navires, et nous ayant fait connaître la possibilité de constituer, à cet effet, une compagnie formée de capitalistes de toutes les nations, nous avons accueilli les combinaisons qu'il nous a soumises, et lui avons donné, par ces présentes, pouvoir exclusif de constituer et de diriger une compagnie universelle pour le percement de l'Isthme de Suez et l'exploitation d'un Canal entre les deux mers, avec faculté d'entreprendre ou de faire entreprendre tous travaux et constructions, à la charge par la compagnie de donner préalablement toute indemnité aux particuliers en cas d'expropriation pour cause d'utilité publique ; le tout dans les limites et avec les conditions et charges déterminées dans les Articles qui suivent.

Article 1. M. Ferdinand de Lesseps constituera une compagnie, dont nous lui confions la direction, sous le nom de Compagnie Universelle du Canal Maritime de Suez, pour le percement de l'Isthme de Suez, l'exploitation d'un passage propre à la grande navigation, la fondation ou l'appropriation de deux entrées suffisantes, l'une sur la Méditerranée, l'autre sur la Mer Rouge, et l'établissement d'un ou de deux ports.

Art. 2. Le directeur de la compagnie sera toujours nommé par le Gouvernement Egyptien, et choisi, autant que possible, parmi les actionnaires les plus intéressés dans l'entreprise.

Art. 3. La durée de la Concession est de 99 ans, à partir du jour de l'ouverture du Canal des deux mers.

Art. 4. Les travaux seront exécutés aux frais exclusifs de la compagnie, à laquelle tous les terrains nécessaires n'appartenant pas à des particuliers seront concédés à titre gratuit. Les fortifications que le Gouvernement jugera à propos d'établir ne seront point à la charge de la compagnie.

Art. 5. Le Gouvernement Egyptien recevra annuellement de la compagnie 15 pour cent des bénéfices nets résultant du bilan de la société, sans préjudice des intérêts et dividendes revenant aux actions qu'il se réserve de prendre pour son compte lors de leur émission et sans aucune garantie de sa part dans l'exécution des travaux ni dans les opérations de la compagnie. Le reste des bénéfices nets sera réparti ainsi qu'il suit :

75 pour cent au profit de la compagnie ;

10 pour cent au profit des membres fondateurs.

Art. 6. Les tarifs des droits de passage du Canal de Suez, concertés entre la compagnie et le Viceroi d'Egypte et perçus par les agents de la compagnie, seront toujours égaux pour toutes les nations, aucun avantage particulier ne pouvant jamais être stipulé au profit exclusif d'aucune d'elles.

Art. 7.* Dans le cas où la compagnie jugerait nécessaire de rattacher par une voie navigable le Nil au passage direct de l'Isthme, et dans celui où le Canal Maritime suivrait un tracé indirect desservi par l'eau du Nil, le Gouvernement Egyptien abandonnerait à la compagnie les terrains du domaine public aujourd'hui incultes qui seraient arrosés et cultivés à ses frais ou par ses soins.

* Abrogated by Art. 3 of Convention of 22nd February, 1866 (Hertslet's State Papers, vol. lvi, page 279).

La compagnie jouira, sans impôts, des dits terrains pendant 10 ans, à partir du jour de l'ouverture du Canal ; durant les 89 ans qui resteront à s'écouler jusqu'à l'expiration de la Concession, elle payera la dîme au Gouvernement Egyptien ; après quoi, elle ne pourra continuer à jouir des terrains ci-dessus mentionnés qu'autant qu'elle payera au dit Gouvernement un impôt égal à celui qui sera affecté aux terrains de même nature.

Art. 8.* Pour éviter toute difficulté au sujet des terrains qui seront abandonnés à la compagnie concessionnaire, un plan dressé par M. Linant-Bey, notre commissaire ingénieur auprès de la compagnie, indiquera les terrains concédés, tant pour la traversée, et les établissements du Canal Maritime et du Canal d'Alimentation dérivé du Nil, que pour les exploitations de culture, conformément aux stipulations de l'Article 7.

Il est, en outre, entendu que toute spéculation est, dès à présent, interdite sur les terrains du domaine public à concéder, et que les terrains appartenant antérieurement à des particuliers, et que les propriétaires voudront plus tard faire arroser par les eaux du Canal d'Alimentation exécuté aux frais de la compagnie, payeront une redevance de . . . par feddan cultivé† (ou une redevance fixée amiablement entre le Gouvernement Egyptien et la compagnie).

Art. 9. Il est enfin accordé à la compagnie concessionnaire la faculté d'extraire des mines et carrières appartenant au domaine public, sans payer de droits, tous les matériaux nécessaires aux travaux du Canal et aux constructions qui en dépendront, de même qu'elle jouira de la libre entrée de toutes les machines et matériaux qu'elle fera venir de l'étranger pour l'exploitation de sa Concession.

Art. 10. A l'expiration de la Concession, le Gouvernement Egyptien sera substitué à la compagnie, jouira sans réserve de tous ses droits et entrera en pleine possession du Canal des deux mers et de tous les établissements qui en dépendront. Un arrangement amiable ou par arbitrage déterminera l'indemnité à allouer à la compagnie pour l'abandon de son matériel et des objets mobiliers.

Art. 11. Les statuts de la société nous seront ultérieurement soumis par le directeur de la compagnie et devront être revêtus de notre approbation. Les modifications qui pourraient être introduites plus tard devront préalablement recevoir notre sanction. Les dits statuts mentionneront les noms des fondateurs, dont nous nous réservons d'approuver la liste. Cette liste comprendra les personnes dont les travaux, les études, les soins ou les capitaux auront antérieurement contribué à l'exécution de la grande entreprise du Canal de Suez.

Art. 12. Nous promettons enfin notre bon et loyal concours et celui de tous les fonctionnaires de l'Egypte pour faciliter l'exécution et l'exploitation des présents pourvoirs.

Caire, le 30 Novembre, 1854.

A mon dévoué ami, de haute naissance et de rang élevé, M. Ferdinand de Lesseps.

La concession accordée à la Compagnie Universelle du Canal de Suez devant être ratifiée par Sa Majesté Impériale le Sultan, je vous remets cette copie pour que vous la conserviez par devers vous. Quant aux travaux relatifs au creusement du Canal de Suez, ils ne seront commencés qu'après l'autorisation de la Sublime Porte.

Le 3 *Ramadan*, 1274.

(Cachet du Vice-Roi.)

No. 2.

Rapport à Son Altesse Mohammed Said-Pacha et Instructions du Vice-Roi, sur la Canalisation de l'Isthme de Suez.—Camp de Maréa, le 30 *Avril*, 1855.

J'AI eu l'honneur de soumettre à votre Altesse le mémoire de ses ingénieurs MM. Linant-Bey et Mougel Bey sur la canalisation de l'Isthme de Suez.

Ce travail est destiné à servir d'avant-projet pour le percement de l'Isthme. Il est accompagné d'une carte indiquant la configuration et la nature du sol. Il a

* Abrogated by Art. 3 of Convention of 22nd February, 1866 (Hertslet's State Papers, vol. lvi, page 279).

† Le feddan Egyptien correspond à peu près à un demi-hectare.

mérité l'approbation de votre Altesse, qui m'a invité à lui donner la plus grande publicité, afin d'appeler, sur une question qui intéresse le monde entier, l'attention, l'examen et les observations de tous les hommes compétents de l'Europe et de l'Amérique.

Votre Altesse a décidé d'envoyer immédiatement aux Conseillers de Sa Majesté Impériale le Sultan les explications qu'ils réclament pour ratifier le projet de la communication des deux mers. Je me rendrai, de mon côté, directement en Europe. Je m'empresserai de faire imprimer et de publier les documents officiels de l'affaire, ainsi que l'avant-projet de MM. Linant-Bey et Mougel Bey. Des dispositions seront prises à l'effet de recueillir, dans un délai fixé, les opinions des hommes compétents qui voudront bien apporter à l'entreprise le concours de leurs lumières.

Pendant ce temps, vos ingénieurs prépareront les éléments de leur projet définitif.

Lorsque ce projet définitif sera achevé, et lorsque les observations reçues de chaque pays auront pu former un corps de doctrine, il sera procédé à la nomination d'une commission d'ingénieurs connus par leurs travaux hydrauliques, et choisis en Angleterre, en France, en Allemagne et en Hollande. Cette commission donnera son opinion sur le projet des ingénieurs de votre Altesse, indiquera les modifications ou les changements qu'elle croira devoir adopter. Tous les moyens seront mis à sa disposition pour visiter l'Isthme de Suez si elle juge nécessaire de voir les localités avant de prononcer.

Votre Altesse a voulu, dès à présent, circonscrire dans de certains limites les études des tracés. Après avoir passé en revue les nombreux projets présentés aux Gouvernements ou au public depuis plus de 50 ans, elle laisse toute liberté d'appliquer les moyens que la science reconnaît les meilleurs pour faire communiquer entre elles la Mer Rouge et la Méditerranée par la coupure de l'Isthme de Suez, sur tel ou tel point de l'Isthme, à l'est du cours du Nil; mais elle a déclaré qu'elle n'autoriserait pas la Compagnie du Grand Canal Maritime de Suez à adopter un tracé qui aurait pour point de départ la côte de la Méditerranée à l'ouest de la branche de Damiette et qui traverserait le cours du Nil.

Ce sera seulement après l'adoption du tracé de communication des deux mers et lorsque tous les avantages et toutes les obligations de ceux qui prendront part à l'entreprise seront bien déterminés, que les capitalistes et le public seront appelés à souscrire des actions, et que les représentants des intéressés décideront en dernier ressort sur toutes les questions se rattachant à l'administration, à l'exécution et à l'exploitation de l'entreprise.

Permettez-moi maintenant de signaler à votre Altesse les travaux préparatoires auxquels auront à se livrer dès à présent MM. Linant-Bey et Mougel Bey avant de présenter leur projet définitif.

Ils devront:

1. Tracer sur le terrain la ligne du canal maritime dans ses détails, avec tous ses angles, toutes ses courbes, et rapporter cette ligne ainsi tracée sur un plan;

2. Faire le nivellement le long de cette ligne, qu'ils prolongeront dans les deux mers jusqu'à une profondeur de 10 mètres d'eau;

3. Lever des profils en travers partout où la forme du terrain l'exigera;

4. Procéder aux sondages le long de la ligne et pousser ces sondages jusqu'à 10 mètres au-dessous du niveau des basses mers de la Méditerranée;

5. Recueillir des échantillons des diverses natures de terrains découvertes dans leurs opérations;

6. Fixer les prix élémentaires de la main-d'œuvre et de tous les matériaux qui seront employés dans la construction du Canal;

7. Etablir les bases positives qui serviront à évaluer la quantité d'ouvriers en tous genres nécessaires à l'exécution des travaux.

J'aurai soin de mon côté de recueillir les documents statistiques les plus récents qui permettront de fixer l'évaluation minimum des produits.

Lorsque le moment arrivera de commencer les travaux du Canal Maritime, on devra faire venir d'Europe un grand nombre de machines et une quantité considérable de matériaux, des bois, des fers, de la houille, &c. La Compagnie du Canal de Suez trouvera des avantages de sûreté, d'économie, et de facilité de transport qui n'existent pas aujourd'hui, dans le chemin de fer continué jusqu'à Suez, et dans l'établissement de la Société de Remorquage, à laquelle se lie l'amélioration du Canal Mahmoudiéh, ainsi que sa communication avec le port d'Alexandrie.

Les correspondances que j'ai reçues de l'Europe témoignent de l'intérêt toujours

croissant avec lequel le projet de l'ouverture de l'Isthme est partout accueilli. Parmi les personnes qui m'ont spontanément offert leur concours, il en est qui ont mis à ma disposition des sommes considérables pour contribuer aux premières dépenses de l'entreprise. Ces offres s'élèvent déjà à plus de 15,000,000 fr. Je n'ai pas pensé qu'il y eût lieu d'en profiter, mais j'ai inscrit ceux qui les ont faites, et votre Altesse a trouvé juste de leur réserver un avantage de priorité à l'époque de la répartition des actions.

Votre Altesse a déjà arrêté une première liste de soixante membres fondateurs remplissant les conditions voulues par l'Article 11 du Firman. Votre Altesse, qui me laisse le soin de la compléter par l'adjonction des personnes qui m'auront aidé en Europe ou en Amérique dans la fondation de l'œuvre, a désiré que le nombre total ne s'élevât pas, autant que possible, au-delà de 100.

Votre Altesse a bien voulu approuver la nomination provisoire de M. Ruyssenaërs, Consul-Général des Pays-Bas, en qualité d'Agent Supérieur de la Compagnie en Egypte. Il méritait à tous égards ce témoignage de confiance.

Tels sont les actes préliminaires qui ont paru à votre Altesse devoir aider à la réussite de sa grande entreprise. Je vous prie, Monseigneur, de me faire connaître si j'ai bien compris vos intentions.

Camp de Maréa, le 30 *Avril,* 1855.

(Signé) FERD. DE LESSEPS.

A mon dévoué ami, de haute naissance et de rang élevé, M. Ferdinand de Lesseps.

J'ai pris connaissance du rapport que vous m'avez adressé le 30 Avril, et j'ai approuvé ce document, qui devra vous tenir lieu d'instructions. J'ai apprécié le zèle que vous avez déployé dans cette affaire, l'intérêt tout amical que vous y avez pris, et j'en ai éprouvé une véritable satisfaction.

Le 3 *Ramadan,* 1274.

(Cachet du Vice-Roi.)

No. 3.

Acte de Concession du Vice-Roi d'Egypte, et Cahier des Charges, pour la Construction et l'Exploitation du Canal Maritime de Suez et Dépendances.—Alexandrie, le 5 *Janvier,* 1856.

NOUS, Mahomed Saïd Pacha, Vice-Roi d'Egypte.

Vu notre Acte de Concession, en date du 30 Novembre, 1854,* par lequel nous avons donné à notre ami, M. Ferdinand de Lesseps, pouvoir exclusif à l'effet de constituer et diriger une Compagnie Universelle pour le percement de l'Isthme de Suez, l'exploitation d'un passage propre à la grande navigation, la fondation ou l'appropriation de deux entrées suffisantes, l'un sur la Méditerranée, l'autre sur la Mer Rouge, et l'établissement d'un ou deux ports:

M. Ferdinand de Lesseps nous ayant représenté que, pour constituer la Compagnie sus-indiqué dans les formes et conditions généralement adoptées pour les sociétés de cette nature, il est utile de stipuler d'avance, dans un acte plus détaillé et plus complet, d'une part, les charges, obligations, et redevances auxquelles cette société sera soumise; d'autre part, les concessions, immunités, et avantages auxquels elle aura droit, ainsi que les facilités qui lui seront accordées pour son administration.

Avons arrêté, comme suit, les conditions de la concession qui fait l'objet des présentes.

§ 1. *Charges.*

Article 1. La société fondée par notre ami M. Ferdinand de Lesseps, en vertu de notre Concession du 30 Novembre, 1854, devra exécuter à ses frais, risques, et périls, tous les travaux et constructions nécessaires pour l'établissement:

1. D'un canal approprié à la grande navigation maritime, entre Suez, dans la Mer Rouge, et le Golfe de Péluse, dans la Mer Méditerranée;

2. D'un canal d'irrigation, et approprié à la navigation fluviale du Nil, joignant le fleuve au Canal Maritime susmentionné;

* No. 1.

3. De deux branches d'irrigation et d'alimentation dérivées du précédent canal, et portant leurs eaux dans les deux directions de Suez et de Péluse ;

Les travaux seront conduits de manière à être terminés dans un délai de six années, sauf les empêchements et retards provenant de force majeure.

Art. 2. La Compagnie aura la faculté d'exécuter les travaux dont elle est chargée par elle-même et en régie, ou de les faire exécuter par des entrepreneurs au moyen d'adjudications ou de marchés à forfait. *Dans tous les cas, les quatre cinquièmes au moins des ouvriers employés à ces travaux seront Egyptiens.**

Art. 3. Le Canal approprié à la grande navigation maritime sera creusé à la profondeur et à la largeur fixées par le programme de la Commission Scientifique Internationale.

Conformément à ce programme, il prendra son origine au port même de Suez ; il empruntera le bassin dit les Lacs Amers et le Lac Timsah ; il viendra déboucher dans la Méditerranée en un point du Golfe de Péluse qui sera déterminé dans les projets définitifs à dresser par les ingénieurs de la compagnie.

Art. 4. Le Canal d'irrigation approprié à la navigation fluviale dans les conditions du dit programme, prendra naissance à proximité de la ville du Caire, suivra la vallée (ouadée) Toumilat (ancienne terre de Gessen), et débouchera dans le Grand Canal Maritime au Lac Timsah.

Art. 5. Les dérivations du canal précédent s'en détacheront en amont du débouché dans le Lac Timsah ; de ce point elles seront dirigées, d'un côté sur Suez, de l'autre côté sur Péluse, parallèlement au Grand Canal Maritime.

Art. 6. Le Lac Timsah sera converti en un port intérieur propre à recevoir des bâtiments du plus fort tonnage.

La compagnie sera tenue, en outre, si cela est nécessaire : 1, de construire un port d'abri à l'entrée du Canal Maritime dans le Golfe de Péluse ; 2, d'améliorer le port et la rade de Suez, de manière à ce que les navires y soient également abrités.

Art. 7. Le Canal Maritime, les ports en dépendant, ainsi que le canal de jonction du Nil et le canal de dérivation, seront constamment entretenus en bon état par la compagnie, et à ses frais.

Art. 8. Les propriétaires riverains qui voudront faire arroser leurs terres au moyen de prises d'eau tirées des canaux construits par la compagnie, pourront en obtenir d'elle la concession moyennant le payement d'une indemnité ou d'une redevance dont le chiffre sera fixé dans les conditions de l'Article 17 ci-près.

Art. 9. Nous nous réservons de déléguer, au siége administratif de la compagnie, un commissaire spécial dont le traitement sera payé par elle, et qui représentera, près de son administration, les droits et les intérêts du Gouvernement Egyptien pour l'exécution des dispositions du présent.

Si le siége administratif de la société est établi ailleurs qu'en Egypte, la compagnie sera tenue de se faire représenter à Alexandrie par un agent supérieur nanti de tous les pouvoirs nécessaires pour assurer la bonne marche du service et les rapports de la compagnie avec notre Gouvernement.

§ 2.—*Concessions.*

Art. 10.† Pour la construction des canaux et dépendances mentionnés dans les Articles qui précèdent, le Gouvernement Egyptien abandonne à la compagnie, sans aucun impôt ni redevance, la jouissance de tous les terrains n'appartenant pas à des particuliers, qui pourront être nécessaires.

Il lui abandonne également la jouissance de tous les terrains aujourd'hui incultes n'appartenant pas à des particuliers, qui seront arrosés et mis en culture par ses soins et à ses frais, avec cette différence : 1. Que les terrains compris dans cette dernière catégorie seront exempts de tout impôt pendant 10 ans seulement, à dater de leur mise en rapport ; 2. Que passé ce terme, ils seront soumis, pendant le reste de la concession, aux obligations et aux impôts auxquels seront assujetties, dans les mêmes circonstances, les terres des autres provinces de l'Egypte ; 3. Que la compagnie pourra ensuite, par elle-même ou par ses ayants droit, conserver la jouissance de ces terrains et des prises d'eau nécessaires à leur fertilisation, à charge de payer au Gouvernement Egyptien les impôts établis sur les terres dans les mêmes conditions.

Art. 11.† Pour déterminer l'étendue et les limites des terrains concédés à la compagnie, dans les conditions du § 1 et du § 2 de l'Article 10 qui précède, il est

* Abrogated by Art. 1 of Convention of 22nd February, 1866 (Hertslet's State Papers, vol. lvi, page 276).

† Abrogated by Art. 3 of Convention of 22nd February, 1866 (Ibid., vol. lvi, page 279).

référé aux plans ci-annexés ; étant expliqué qu'aux dits plans les terrains concédés pour la construction des canaux et dépendances, sans impôt ni redevance, conformément au § 1, sont teintés en noir, et que les terrains concédés pour être mis en culture en payant certains droits, conformément au § 2, sont teintés en bleu.

Sera considéré comme nul tout acte fait postérieurement à notre acte du 30 Novembre, 1854, qui aurait pour conséquence de créer à des particuliers, contre la compagnie, ou des droits à indemnité qui n'existaient pas alors sur les terrains, ou des droits à indemnité plus considérables que ceux auxquels ils auraient pu prétendre à cette époque.

Art. 12.* Le Gouvernement Egyptien livrera, s'il y a lieu, à la compagnie, les terrains de propriété particulière dont la possession sera nécessaire à l'exécution des travaux et à l'exploitation de la concession, à charge par elle de payer aux ayants droit de justes indemnités.

Les indemnités d'occupation temporaire ou d'expropriation définitive seront, autant que possible, réglées amiablement ; en cas de désaccord, elles seront fixées par un tribunal arbitral procédant sommairement et composé : 1. D'un arbitre choisi par la compagnie ; 2. D'un arbitre choisi par les intéressés ; 3. D'un tiers arbitre désigné par nous.

Les décisions du tribunal arbitral seront exécutoires immédiatement et sans appel.

Art. 13. Le Gouvernement Egyptien accorde à la compagnie concessionnaire, pour toute la durée de la concession, la faculté d'extraire des mines et carrières appartenant au domaine public, sans payer aucun droit, impôt ni indemnité, tous les matériaux nécessaires aux travaux de construction et d'entretien des ouvrages et établissements dépendant de l'entreprise.

Il exonère, en outre, la compagnie de tous droits de Douane, d'entrée et autres, pour l'introduction en Egypte de toutes machines et matières quelconques qu'elle fera venir de l'étranger pour les besoins de ses divers services en cours de construction ou d'exploitation.

Art. 14. Nous déclarons solennellement, pour nous et nos successeurs, sous la réserve de la ratification de Sa Majesté Impériale le Sultan, le Grand Canal Maritime de Suez à Péluse et les ports en dépendant, ouverts à toujours, comme passages neutres, à tout navire de commerce traversant d'une mer à l'autre, sans aucune distinction, exclusion ni préférence de personnes ou de nationalités, moyennant le payement des droits et l'exécution des règlements établis par la Compagnie Universelle concessionnaire pour l'usage du dit canal et dépendances.

Art. 15. En conséquence du principe posé dans l'Article précédent, la Compagnie Universelle concessionnaire ne pourra, dans aucun cas, accorder à aucun navire, compagnie ou particulier, aucuns avantages ou faveurs qui ne soient accordés à tous autres navires, compagnies ou particuliers, dans les mêmes conditions.

Art. 16. La durée de la société est fixée à 99 années, à compter de l'achèvement des travaux et de l'ouverture du Canal Maritime à la grande navigation.

A l'expiration de cette période, le Gouvernement Egyptien rentrera en possession du Canal Maritime construit par la Compagnie, à charge par lui, dans ce cas, de reprendre tout le matériel et les approvisionnements affectés au service maritime de l'entreprise et d'en payer à la Compagnie la valeur telle qu'elle sera fixée, soit amiablement, soit à dire d'experts.

Néanmoins, si la compagnie conservait la Concession par périodes successives de 99 années, le prélèvement stipulé au profit du Gouvernement Egyptien par l'Article 18 ci-après serait porté pour la seconde période à 20 pour cent, pour la troisième période à 25 pour cent, et ainsi de suite, à raison de 5 pour cent d'augmentation pour chaque période, sans que toutefois ce prélèvement puisse jamais dépasser 35 pour cent des produits nets de l'entreprise.

Art. 17. Pour indemniser la compagnie des dépenses de construction, d'entretien et d'exploitation qui sont mises à sa charge par les présentes, nous l'autorisons, dès à présent, et pendant toute la durée de sa jouissance, telle qu'elle est déterminée par les paragraphes 1 et 3 de l'Article précédent, à établir et percevoir, pour le passage dans les canaux et les ports en dépendant, des droits de navigation, de pilotage, de remorquage, de halage ou de stationnement, suivant des tarifs qu'elle pourra modifier à toute époque, sous la condition expresse :

1. De percevoir ces droits, sans aucune exception ni faveur, sur tous les navires, dans des conditions identiques ;

* Abrogated by Art. 3 of Convention of 22nd February, 1866 (Hertslet's State Papers, vol. lvi, page 279).

2. De publier les tarifs, trois mois avant la mise en vigueur, dans les capitales et les principaux ports de commerce des pays intéressés;

3. De ne pas excéder, pour le droit spécial de navigation, le chiffre maximum de 10 fr. par tonneau de capacité des navires et par tête de passager.

La Compagnie pourra également, pour toutes les prises d'eau accordées à la demande de particuliers, en vertu de l'Article 8 ci-dessus, percevoir, d'après des tarifs qu'elle fixera, un droit proportionnel à la quantité d'eau absorbée et à l'étendue des terrains arrosés.

Art. 18. Toutefois, en raison des concessions de terrains et autres avantages accordés à la Compagnie par les Articles qui précèdent, nous réservons, au profit du Gouvernement Egyptien; un prélèvement de 15 pour cent sur les bénéfices nets de chaque année, arrêtés et répartis par l'assemblée générale des actionnaires.

Art. 19. La liste de membres fondateurs qui ont concouru par leurs travaux, leurs études et leurs capitaux, à la réalisation de l'entreprise avant la fondation de la société, sera arrêtée par nous.

Après le prélèvement stipulé au profit du Gouvernement Egyptien par l'Article 18 ci-dessus, il sera attribué, dans les produits nets annuels de l'entreprise, une part de 10 pour cent aux membres fondateurs ou à leurs héritiers ou ayants cause.

Art. 20. Indépendamment du temps nécessaire à l'exécution des travaux, notre ami et mandataire M. Ferdinand de Lesseps présidera et dirigera la société comme premier fondateur, pendant 10 ans à partir du jour où s'ouvrira la période de jouissance de la Concession de 99 années, aux termes de l'Article 16 ci-dessus.

Art. 21. Sont approuvés les status ci-annexés de la société créée sous la dénomination de Compagnie Universelle du Canal Maritime de Suez, la présente approbation valant autorisation de constitution, dans la forme des sociétés anonymes, à dater du jour où le capital social sera entièrement souscrit.

Art. 22. Comme témoignage de l'intérêt que nous attachons au succès de l'entreprise nous promettons à la Compagnie le loyal concours du Gouvernement Egyptien, et nous invitons expressément par les présentes les fonctionnaires et agents de tous les services de nos administrations à lui donner en toute circonstance aide et protection.

Nos ingénieurs, Linant-Bey et Mougel-Bey, que nous mettons à la disposition de la compagnie pour la direction et la conduite des travaux ordonnés par elle, auront la surveillance supérieure des ouvriers et seront chargés de l'exécution des règlements qui concerneront la mise en œuvre des travaux.

Art. 23. Sont rapportées toutes dispositions de notre Ordonnance du 30 Novembre, 1854, et autres qui se trouveraient en opposition avec les clauses et conditions du présent Cahier des Charges, lequel fera seul loi pour la concession à laquelle il s'applique.

Fait à Alexandrie, le 5 Janvier, 1856.

A mon dévoué ami de haute naissance et de rang élevé, M. Ferdinand de Lesseps.

La concession accordée à la Compagnie Universelle du Canal de Suez devant être ratifiée par Sa Majesté Impériale le Sultan, je vous remets cette copie authentique, afin que vous puissiez constituer la dite compagnie financière.

Quant aux travaux relatifs au percement de l'isthme, elle pourra les exécuter elle-même dès que l'autorisation de la Sublime Porte m'aura été accordée.

Alexandrie, le 26 *Rebi-ul-Akher,* 1272 (5 *Janvier,* 1856).

(Cachet de Son Altesse le Vice-Roi.)

No. 4.

Statuts de la Compagnie Universelle du Canal Maritime de Suez.—Alexandrie, le 5 Janvier, 1856.

TITRE I.—*Formation et objet de la Société.—Dénomination.—Siége.—Durée.*

Article 1. Il est formé, entre les souscripteurs et propriétaires des actions créées ci-après, une société anonyme sous la dénomination de Compagnie Universelle du Canal Maritime de Suez.

Art. 2. Cette société a pour objet :

1. La construction d'un canal maritime de grande navigation entre la Mer Rouge et la Méditerranée, de Suez au Golfe de Péluse.

2. La construction d'un canal de navigation fluviale et d'irrigation joignant le Nil au canal maritime, du Caire au Lac Timsah ;

3. La construction de deux canaux de dérivation, se détachant du précédent en amont de son débouché dans le Lac Timsah, et amenant ses eaux dans les deux directions de Suez et de Péluse ;

4. L'exploitation des dits canaux et des entreprises diverses qui s'y attachent.

5. Et l'exploitation des terrains concédés.

Le tout aux clauses et conditions de la concession telle qu'elle résulte des Ordonnances de Son Altesse le Vice-Roi d'Egypte, en date du 30 Novembre, 1854,* et du 5 Janvier, 1856†: la première donnant pouvoir spécial et exclusif à M. de Lesseps de constituer et diriger, comme premier fondateur président, une société en vue de ces entreprises ; la seconde portant concession des dits canaux et de leurs dépendances à cette société, avec toutes les charges et obligations, tous les droits et avantages qui y sont attachés par le Gouvernement Egyptien.

Art. 3. La société a son siége à Alexandrie et son domicile administratif à Paris.

Art. 4. La société commence à dater du jour de la signature de l'acte social, portant souscription de la totalité des actions. Sa durée est égale à la durée de la concession.

Art. 5. Les comptes des dépenses faites antérieurement à la constitution de la société, soit par Son Altesse le Vice-Roi d'Egypte, soit par M. Ferdinand de Lesseps agissant en vertu des pouvoirs dont il était investi pour arriver à la réalisation de l'entreprise, seront réglés par le Conseil d'Administration, qui en autorisera le remboursement à qui de droit.

Titre II.—*Fonds Social.—Actions.—Versements.*

Art. 6. Le fonds social est fixé à 200,000,000 de francs, représentés par 400,000 actions, à raison de 500 francs chacune.

Art. 7. Les titres d'actions et d'obligations, dont le Conseil d'Administration détermine la forme et le modèle, sont libellés en langues Turque, Allemande, Anglaise, Française, et Italienne.

Art. 8. Le montant de chaque action est payable en espèces, dans la caisse social ou chez les représentants de la Compagnie à Alexandrie, Amsterdam, Constantinople, Londres, New York, Paris, Saint Pétersbourg, Vienne, Gênes, Barcelone, et autres villes qui seraient désignées par le Conseil d'Administration, au cours du change, soit sur Paris, soit sur Alexandrie, au choix de la Compagnie.

Art. 9. Les versements s'opèrent conformément aux appels faits par le conseil au moyen d'annonces publiées deux mois à l'avance par l'insertion dans deux journaux, et à défaut de journaux, par l'affichage à la Bourse, dans les villes désignées à l'Article 8 ci-dessus.

Art. 10. Si le conseil juge qu'il n'y a pas lieu d'appeler, au moment de la souscription, le versement immédiat de la partie de capital nécessaire, aux termes de l'Article 12 ci-après, pour l'émission des titres au porteur, le premier versement peut être constaté par la délivrance de certificats nominatifs provisoires.

Ces certificats portent un numéro d'ordre; ils sont détachés d'un registre à souche et timbrés du timbre sec de la compagnie. Ils sont signés par deux administrateurs et un délégué du Conseil d'Administration.

Art. 11. Les certificats nominatifs peuvent être négociés, au moyen d'un transfert signé par le cédant et le cessionnaire et inscrit sur les registres établis dans les bureaux de la compagnie ou de ceux de ses représentants désignés à cet effet par le conseil, partout où besoin sera.

Mention est faite du transfert au dos des titres par un administrateur ou par agent à ce commis.

La compagnie peut exiger que la signature des parties soit dûment certifiée.

Art. 12. Les souscripteurs primitifs et leurs cessionnaires restent solidairement engagés jusqu'au payement intégral de 30 pour cent sur le montant de chaque action.

Après le versement de 30 pour cent sur le montant de chaque action, les certificats nominatifs peuvent être échangés contre des titres au porteur provisoires.

* No. 1. † No. 3.

Art. 13. Chaque versement effectué est inscrit sur les titres auxquels il s'applique.

Après libération intégrale opérée, il est délivré aux porteurs des actions définitives.

Art. 14. A défaut de versement aux époques déterminées l'intérêt est dû pour chaque jour de retard à raison de 5 pour cent par an.

La société peut, en outre, faire vendre les actions dont les versements sont en retard.

A cet effet, les numéros de ces actions sont publiés, conformément aux prescriptions de l'Article 9 ci-dessus pour les appels de fonds, avec indication des conséquences du retard apporté dans les versements.

Deux mois après cette publication, la société, sans mise en demeure et sans autre formalité ultérieure, a le droit de faire procéder à la vente des dites actions pour le compte et aux risques et périls des retardataires.

Cette vente est faite sur duplicata, en une ou plusieurs fois, à la Bourse de Paris ou à celle de Londres, par le ministère d'un agent de change.

Les titres antérieurs des actions ainsi vendues deviennent nuls de plein droit, par le fait même de la vente ; il est délivré aux acquéreurs des titres nouveaux qui portent les mêmes numéros et qui sont seuls valables.

En conséquence, tout titre qui ne porte pas la mention régulière des versements exigibles cesse d'être négociable.

Les mesures qui font l'objet du présent Article n'excluent pas l'exercice simultané par la société, si elle le juge utile, des moyens ordinaires de droit contre les actionnaires en retard.

Art. 15. Les sommes provenant des ventes effectuées en vertu de l'Article précédent, déduction faite des frais et des intérêts, sont imputées, dans les termes de droit, sur ce qui est dû par l'actionnaire exproprié ou par ces cédants, qui restent responsables de la différence, s'il y a déficit, et qui bénéficient de l'excédant, si excédant il y a.

Art. 16. Les actions définitives sont au porteur ; la cession s'en opère par la simple tradition du titre.

Les actions définitives sont extraites d'un registre à souche, numérotées et revêtues de la signature de deux administrateurs, ou d'un administrateur et d'un délégué du Conseil d'Aministration.

Elles portent le timbre sec de la compagnie.

Art. 17. Le Conseil d'Administration peut autoriser le dépôt et la conservation des titres au porteur dans la caisse sociale. Il détermine, dans ce cas, la forme des certificats nominatifs de dépôt, les conditions de leur délivrance et les garanties dont l'exécution de cette mesure doit être entourée dans l'intérêt de la société et des actionnaires.

Art. 18. Chaque action donne droit à une part proportionnelle dans la propriété de l'actif social.

Art. 19. Toute action est indivisible. La société ne reconnaît qu'un propriétaire pour chaque action.

Art. 20. Les droits et les obligations attachés à l'action suivent le titre dans les mains où il se trouve.

La possession d'une action emporte de plein droit adhésion aux statuts de la société et aux résolutions de l'assemblée générale des actionnaires.

Art. 21. Les héritiers ou créanciers d'un actionnaire ne peuvent, sous quelque prétexte que ce soit, provoquer l'apposition des scellés sur les biens, valeurs ou revenus de la société, en demander le partage ou la licitation, ni s'immiscer en aucune manière dans son administration. Ils doivent, pour l'exercice de leurs droits, s'en rapporter aux inventaires sociaux et aux comptes annuels approuvés par l'assemblée générale des actionnaires.

Art. 22. Les actionnaires ne sont engagés que jusqu'à concurrence du capital de leurs actions, au delà duquel tout appel de fonds est interdit.

Art. 23. Le Conseil peut autoriser la libération anticipée des actions, mais seulement par mesure générale applicable à tous les actionnaires.

Titre III.—*Conseil d'Administration.*

Art. 24. La société est administrée par un conseil composé de 32 membres représentant les principales nationalités intéressées à l'entreprise.

Un comité, choisi dans son sein, est spécialement chargé de la direction et de la gestion des affaires de la société.

Art. 25. Les administrateurs ne contractent en raison de leurs fonctions, aucune obligation personnelle ou solidaire. Ils ne répondent que de l'exécution de leur mandat.

Art. 26. Les administrateurs sont nommés par l'assemblée générale des actionnaires pour huit années.

Le Conseil se renouvelle, en conséquence, chaque année, par huitième. Jusqu'à ce que l'entier renouvellement du Conseil ait établi l'ordre de roulement, les membres sortants sont désignés annuellement par le sort.

Les Administrateurs sortants peuvent toujours être réélus.

Art. 27. En cas de vacances provenant de démissions ou de décès, il est pourvu provisoirement au remplacement par le Conseil d'Administration jusqu'à la prochaine assemblée générale des actionnaires.

Les administrateurs ainsi nommés ne demeurent en fonctions que pendant le temps restant à courir pour l'exercice de leurs prédécesseurs.

Art. 28. Chaque administrateur doit être propriétaire de cent actions, qui sont inaliénables et restent déposées dans la caisse sociale pendant toute la durée de ces fonctions.

Art. 29. Une part de 3 pour cent dans les bénéfices nets annuels est attribuée aux Administrateurs en raison de leurs peines et soins.

Pendant la durée des travaux, et au besoin pendant les premières années qui suivront l'ouverture du canal maritime à la grande navigation, il est attribué au Conseil, pour tenir lieu de la part de 3 pour cent stipulée ci-dessus, une allocation annuelle qui sera comprise dans les frais d'administration, et dont le montant sera fixé par la première assemblée générale des actionnaires.

Le Conseil d'Administration détermine l'attribution particulière qui doit être faite sur cette somme ou sur les 3 pour cent dans les bénéfices aux membres du Comité de Direction.

Art. 30. Le Conseil d'Administration nomme chaque année, parmi ses membres, un président et trois vice-présidents.

Le président et les vice-présidents peuvent toujours être réélus.

En cas d'absence du président et des vice-présidents, le Conseil désigne, à chaque séance, celui de ses membres qui doit en remplir les fonctions.

Art. 31. Le Conseil d'Administration se réunit au moins une fois par mois. Il se réunit, en outre, sur la convocation du président, aussi souvent que l'exigent les intérêts de la société.

Les décisions sont prises à la majorité des voix des membres présents.

En cas de partage, la voix du président est prépondérante.

Sept administrateurs au moins doivent être présents pour valider les délibérations du Conseil.

Lorsque sept administrateurs seulement sont présents, les décisions, pour être valables, doivent être prises à la majorité de cinq voix.

Art. 32. Le Secrétaire-Général de la Compagnie assiste aux séances du Conseil d'Administration avec voix consultative.

Art. 33. Les délibérations du Conseil d'Administration sont constatées par des procès-verbaux signés par le président et l'un des membres présents à la séance.

Les copies ou extraits de ces procès-verbaux doivent, pour être produits valablement en justice ou ailleurs, être certifiés par le Secrétaire-Général de la Compagnie.

Un extrait des décisions rendues à chaque séance, dûment certifié, est envoyé, dans les huit jours qui suivent la réunion, à chaque administrateur absent.

Art. 34. Le Conseil d'Aministration est investi des pouvoirs les plus étendus pour l'administration des affaires de la société.

Il arrête les propositions à soumettre à l'assemblée générale des actionnaires en vertu de l'Article 16 ci-après.

Il statue sur les propositions du Comité de Direction concernant les objets suivants, savoir :

1. Nomination et révocation des fonctionnaires et agents supérieurs de la Compagnie ; fixation de leurs attributions et de leur traitement ;
2. Placements temporaires des fonds disponibles ;
3. Etudes et projets, plans et devis pour l'exécution des travaux ;
4. Marchés à forfait ;
5. Acquisitions, ventes et échanges d'immeubles, achats de navires ou de machines nécessaires pour l'exécution des travaux et l'exploitation de l'entreprise ;

6. Budgets annuels ;

7. Fixation et modification des droits de toute nature à percevoir en vertu de la Concession ; conditions et mode de perception des tarifs ;

8. Disposition du fonds de réserve ;

9. Disposition du fonds de rétraite, de secours et d'encouragement pour les employés ;

10. Réglementation de la caisse des dépôts pour les actions et obligations de la société.

Art. 35. Le Conseil nomme ceux de ses membres qui doivent faire partie du Comité de Direction.

Il peut déléguer à un ou à plusieurs administrateurs, aux fonctionnaires, employés de la Compagnie ou autres, tout ou partie de ses pouvoirs par un mandat spécial et pour une ou plusieurs affaires ou objets déterminés.

Art. 36. Nul ne peut voter dans le Conseil par procuration.

Lorsque le Conseil doit délibérer sur des modifications à apporter dans les tarifs ou dans les statuts, sur des emprunts ou augmentations de capital social, sur des demandes de concessions nouvelles, des traités de fusion avec d'autres entreprises, sur la dissolution et la liquidation de la société, les administrateurs absents doivent, un mois à il'avance, être informés de l'objet de la délibération et invités à venir prendre part au vote, ou à addresser leur opinion par écrit au président, qui en donne lecture en séance ; après quoi les décisions sont prises à la majorité des voix des membres présents.

Titre IV.—*Comité de Direction.*

Art. 37. Le Comité de Direction, constitué en vertu des dispositions de l'Article 24 ci-dessus, est composé du président du Conseil d'Administration et de quatre administrateurs spécialement délégués.

Art. 38. Le Comité de Direction se réunit, à la convocation du président, autant de fois que cela est nécessaire pour la bonne marche du service et au moins une fois par semaine.

Art. 39. Il est tenu procès-verbal des séances du Comité de Direction. Ces procès-verbaux sont signés par un des administrateurs présents à la séance.

Les extraits de ces procès-verbaux, pour être valablement produits en justice ou ailleurs, doivent être visés par le président et certifiés par le secrétaire général de la compagnie.

Art. 40. Le Comité de Direction est investi de tous pouvoirs pour la gestion des affaires de la société.

Il pourvoit à l'exécution tant des obligations imposées par le Cahier des Charges et les statuts, que des résolutions adoptées par l'assemblée générale et des décisions du Conseil d'Administration.

Il soumet au Conseil d'Administration les propositions relatives aux objets définis à l'Article 35 ci-dessus.

Il représente la société et agit en son nom, par un ou plusieurs de ses membres, dans tous les cas où une disposition expresse n'exige pas l'intervention de l'assemblée générale des actionnaires ou du Conseil d'Administration, notamment en ce qui concerne les objets ci-après :

1. Nomination et révocation des employés ; fixation de leurs fonctions et de leur solde ;

2. Travail des bureaux ;

3. Règlements et ordres de service ;

4. Ordonnancement et règlement des dépenses ;

5. Transferts de rentes, d'effets publics et de commerce ;

6. Perceptions de droits, recouvrements de créances, quittances et mainlevées avec ou sans payement, instances judiciaires et administratives, mesures conservatoires ;

7. Défenses en justice, compromis, transactions, désistements ;

8. Traités, marchés, adjudications, achats de mobilier, baux et locations.

Les actions judiciaires en demandant ou en défendant sont dirigées par ou contre le président et les membres composant le Comité de Direction.

En conséquence, les notifications ou significations sont faites et reçues par le Comité de Direction au nom de la société.

Les décisions du comité, les actes et engagements approuvés par lui, sont signés par le président ou par deux membres du comité délégués à cet effet.

Art. 41. Le Comité de Direction et le Président du Conseil peuvent déléguer, par

procuration authentique, à un ou plusieurs administrateurs, fonctionnaires de la compagnie, employés ou autres, le pouvoir de signer tous les actes et engagements mentionnés ci-dessus.

Art. 42. Un administrateur délégué comme agent supérieur et chef de service réside à Alexandrie.

Il est investi de tous les pouvoirs nécessaires pour l'exécution des travaux et la marche de l'exploitation.

Il représente la compagnie dans tous ses rapports avec le Gouvernement Egyptien et les tiers.

Titre V.—*Assemblée Générale des Actionnaires.*

Art. 43. L'Assemblée Générale régulièrement constituée représente l'universalité des actionnaires.

Art. 44. L'Assemblée Générale se compose de tous-les actionnaires propriétaires d'au moins 25 actions.

Elle est régulièrement constituée lorsque les actionnaires qui la composent sont au nombre de quarante et représentent le vingtième du fonds social.

Art. 45. Lorsque, sur une première convocation, les actionnaires présents ne remplissent pas les conditions spécifiées ci-dessus pour constituer la validité des délibérations de l'Assemblée Générale, la réunion est ajournée de plein droit, et l'ajournement ne peut être moindre de deux mois.

Une seconde convocation est faite dans la forme prescrite par l'Article 47 ci-après.

Les délibérations de l'Assemblée Générale dans cette seconde réunion ne peuvent porter que sur les objets à l'ordre du jour de la première. Ces délibérations sont valables quel que soit le nombre des actionnaires présents et des actions représentées.

Art. 46. L'Assemblée Générale se réunit, chaque année, dans la première quinzaine du mois de Mai.

Elle se réunit, en outre, extraordinairement toutes les fois que le Conseil d'Administration en reconnaît l'utilité.*

Art. 47. Les convocations ordinaires et extraordinaires sont faites par un avis publié deux mois avant l'époque de la réunion dans les formes prescrites pour les appels de fonds, par l'Article 9 ci-dessus.

Art. 48. Les actionnaires, pour avoir le droit d'assister ou de se faire représenter à l'Assemblée Générale, doivent justifier, au domicile de la société, au moins cinq jours avant la réunion, du dépôt fait de leurs titres dans la caisse sociale ou chez un représentant de la Compagnie désigné à cet effet par le Conseil d'Administration, dans les villes dénommées à l'Article 8 ci-dessus.

Les dépôts faits dans ces conditions donnent droit à la remise de cartes d'admission nominatives.

Les actionnaires porteurs de certificats de dépôt ont également la faculté de se faire représenter aux Assemblées Générales par des mandataires munis de pouvoirs réguliers, dont la forme est déterminée par le Conseil d'Administration.

Les fondés de pouvoirs doivent déposer leurs procurations au domicile de la société cinq jours au moins avant la réunion.

Nul ne peut représenter un actionnaire à l'assemblée s'il n'est lui-même membre de cette assemblée.

Art. 49. L'Assemblée Générale est présidée par le Président ou par l'un des Vice-Présidents du Conseil d'Administration, et, à leur défaut, par un administrateur nommé par le Conseil.

Les deux plus forts actionnaires présents au moment de l'ouverture de la séance, et qui acceptent, sont nommés scrutateurs.

Le Président désigne le Secrétaire.

Art. 50. Les délibérations de l'Assemblée Générale sont prises à la majorité des voix des membres présents ou régulièrement représentés, conformément à l'Article 48 ci-dessus.

* *Résolution du 6 Août*, 1864.

L'Assemblée :

Conformément aux propositions développées dans sa réunion du 15 Juillet, 1863, approuve la modification de l'Article 46 des Statuts, qui fixe la réunion ordinaire de l'Assemblée Générale des Actionnaires du 1er au 15 Mai de chaque année, en ce sens que cette réunion pourra avoir lieu, sur la convocation du Conseil, du 1er Mai au 1er Août.

Adoptée à l'unanimité.

En cas de partage, la voix du président est prépondérante.

Art. 51. Vingt-cinq actions donnent droit à une voix ; le même actionnaire ne peut réunir plus de dix voix, soit comme actionnaire, soit comme mandataire.

Art. 52. Le scrutin secret peut être réclamé par dix membres.

Art. 53. Les délibérations de l'Assemblée Générale sont constatées par des procès-verbaux signés par le Président, par les scrutateurs et par le Secrétaire.

Les copies ou extraits de ces procès-verbaux, pour être valablement produits en justice ou ailleurs, doivent être certifiés par le Secrétaire Général de la Compagnie

Art. 54. Une feuille de présence, destinée à constater le nombre des membres assistant à l'assemblée et celui des actions représentées par chacun d'eux, reste annexée à la minute du procès-verbal, ainsi que les pouvoirs conférés par les actionnaires absents.

Cette feuille doit être signée par chaque actionnaire à son entrée à la séance.

Art. 55. L'ordre du jour de l'Assemblée Générale est arrêté par le Conseil d'Administration.

Aucune autre question que celles portées à l'ordre du jour ne peut être mise en délibération.

Art. 56. L'Assemblée Générale entend les rapports du Conseil d'Administration sur la situation et les intérêts de la société. Elle délibère sur ses propositions, en se renfermant dans les limites des Statuts et du Cahier des Charges, concernant tous les intérêts de la Compagnie. Elle nomme les administrateurs en remplacement des membres du Conseil sortants ou à remplacer. Elle confère, lorsqu'il y a lieu, au Conseil les pouvoirs nécessaires pour la suite à donner à ses résolutions.

L'approbation de l'Assemblée Générale est nécessaire pour toute décision statuant sur les objets ci-après, savoir :—

1. Concessions nouvelles ;
2. Fusion avec d'autres entreprises.
3. Modifications aux Statuts de la Société ;
4. Dissolution de la Société ;
5. Augmentation du capital social ;
6. Emprunts ;
7. Règlement des comptes de premier établissement en fin de l'exécution des travaux ;
8. Règlement des comptes annuels ;
9. Fixation de la retenue pour le fonds de réserve ;
10. Fixation du dividende à distribuer annuellement aux actions.

Art. 57. Les délibérations relatives aux objets mentionnés à l'Article 56, paragraphes 1, 2, 3, 4, 5, et 6, doivent, pour être valables, être prises par une assemblée réunissant au moins le dixième du fonds social et à la majorité des deux tiers des voix des membres présents, au nombre de cinquante au moins.

Lorsque, sur une première convocation, les actionnaires présents ne remplissent pas ces conditions, il est procédé à une deuxième convocation, conformément aux prescriptions de l'Article 47, ci-dessus.

Les délibérations de l'Assemblée Générale réunie en vertu de cette deuxième convocation sont valables quel que soit le nombre des actionnaires présents et des actions représentées.

Art. 58. Les délibérations de l'Assemblée Générale prises conformément aux statuts obligent tous les actionnaires, même ceux qui sont absents ou dissidents.

Titre VI.—*Comptes Annuels. Amortissement. Intérêts. Fonds de Réserve. Dividendes.*

Art. 59. Pendant l'exécution des travaux, il est payé annuellement aux actionnaires un intérêt de 5 pour cent sur les sommes par eux versées, en exécution de l'Article 9 ci-dessus.

Il est pourvu au payement de ces intérêts par le produit des placements temporaires de fonds et autres produits accessoires, et au besoin sur le capital social.

Art. 60. Après l'achèvement des travaux, le compte des recettes et dépenses de la Compagnie pendant la durée de ces travaux est arrêté et soumis à l'Assemblée Générale des actionnaires par le Conseil d'Administration.

Art. 61. A dater de l'ouverture du Canal Maritime à la grande navigation, un inventaire général de l'actif et du passif de la société au 31 Décembre précédent est dressé dans le premier trimestre de chaque année. Cet inventaire est soumis à

l'Assemblée Générale des actionnaires réunie dans le courant du mois de Mai suivant.

Art. 62. Les produits annuels de l'entreprise servent d'abord à acquitter dans l'ordre ci-après :

1. Les dépenses d'entretien et d'exploitation, les frais d'administration, et généralement toutes les charges sociales ;

2. L'intérêt et l'amortissement des emprunts qui peuvent avoir été contractés ;

3. Cinq pour cent du capital social pour servir aux actions amorties et non amorties un intérêt annuel de 25 francs par action, les intérêts différents aux actions amorties devant rentrer au fonds d'amortissement, constitué conformément à l'Article 66 ci-après ;

4. Quatre centièmes pour cent du capital social également applicables à ce fonds d'amortissement ;

5. La retenue destinée à constituer ou à compléter un fonds de réserve pour les dépenses imprévues, conformément aux dispositions de l'Article 69 ci-après.

L'excédant des produits annuels, après ces divers prélèvements, constitue les produits nets ou bénéfices de l'entreprise.

Art. 63. Les produits nets ou bénéfices de l'entreprise sont répartis de la manière suivante :

1. 15 pour cent au Gouvernement Egyptien ;
2. 10 pour cent aux fondateurs ;
3. 3 pour cent aux administrateurs ;
4. 2 pour cent pour la constitution d'un fonds destiné à pourvoir aux retraites, aux secours, aux indemnités ou gratifications accordés, suivant qu'il y a lieu, par le Conseil, aux employés ;
5. 70 pour cent comme dividende à répartir entre toutes les actions amorties et non amorties indistinctement.

Art. 64. Le payement des intérêts et dividendes est fait à la caisse sociale, ou chez les représentants désignés par le Conseil d'Administration dans les villes dénommées à l'Article 8 ci-dessus.

Le payement des intérêts est fait en deux termes, le 1er Juillet, et le 1er Janvier de chaque année.

Le dividende est payé le 1er Juillet.

Toutefois le Couseil peut, lorsqu'il juge qu'il y a lieu, autoriser le payement d'un à-compte de dividende le 1er Janvier.

Chaque payement est annoncé au moyen de publications faites conformément aux prescriptions de l'Article 9 ci-dessus pour les appels de fonds.

Art. 65. Les intérêts et dividendes qui ne sont pas réclamés à l'expiration de cinq années après l'époque annoncée pour le payement sont acquis à la société.

Art. 66. L'amortissement des actions est effectué en quatre-vingt dix-neuf ans, suivant le tableau d'amortissement dressé en exécution des présents Statuts.

Il est pourvu à cet amortissement, ainsi qu'il a été dit à l'Article 62 ci-dessus, au moyen d'une annuité de 0 fr. 04 c. pour cent du capital social et de l'intérêt à 5 pour cent des actions successivement remboursées.

S'il arrivait que, dans le cours d'une ou de plusieurs années, les produits nets de l'entreprise fussent insuffisants pour assurer le remboursement du nombre d'actions à amortir, la somme nécessaire pour compléter le fonds d'amortissement serait prélevée sur la réserve, et, à défaut, sur les premiers produits nets disponibles des années suivantes, par préférence et antériorité à toute attribution de dividende.

La désignation des actions à rembourser a lieu au moyen d'un tirage au sort fait publiquement chaque année au domicile de la société, aux époques et suivant la forme déterminées par le Conseil.

Art. 67. Les numéros des actions désignées par le sort pour être remboursées sont annoncés au moyen de publications faites conformément aux prescriptions de l'Article 9 ci-dessus.

Art. 68. Le remboursement des actions désignées par le tirage au sort pour être amorties est fait aux lieux indiqués pour le payement des intérêts et dividendes par l'Article 64 ci-dessus.

Les porteurs d'actions amorties conservent les mêmes droits que les porteurs d'actions non amorties, à l'exception de l'intérêt à 5 pour cent du capital qui leur a été remboursé.

Art. 69. La retenue opérée pour la constitution ou le complément du fonds de réserve, conformément au paragraphe 5 de l'Article 62 ci-dessus, est de 5 pour cent des produits annuels, après déduction des charges définies aux paragraphes 1, 2, 3, et 4 du même Article.

Lorsque le fonds de réserve atteint le chiffre de 5,000,000 de francs, l'Assemblée Générale des actionnaires peut, sur la proposition du Conseil, réduire ou suspendre la retenue annuelle à ce affectée ainsi qu'il vient d'être expliqué.

Cette retenue reprend cours et effet dès que le fonds de réserve descend au-dessous de 5,000,000 de francs.

Art. 70. La part attribuée aux fondateurs dans les bénéfices annuels de l'entreprise par le Cahier des Charges est représentée par des titres spéciaux dont le Conseil détermine le nombre, la nature et la forme.

Dans tous les cas, les prescriptions des Articles 17, 18, 19, et 21 ci-dessus, concernant les actions, sont également applicables aux titres des fondateurs, dont les droits suivent ceux des actionnaires sur la jouissance des terrains faisant partie de la concession.

Titre VII.—*Modifications aux Statuts. Liquidation.*

Art. 71. Si l'expérience fait reconnaître l'utilité d'apporter des modifications ou additions aux présents Statuts, l'Assemblée Générale y pourvoit dans la forme déterminée à l'Article 57.

Les résolutions de l'assemblée à cet égard ne sont toutefois exécutoires qu'après l'approbation du Gouvernement Egyptien.

Tous pouvoirs sont donnés d'avance au Conseil d'Administration, délibérant à la majorité des deux tiers des voix des membres présents dans une réunion spéciale à cet effet, pour consentir les changements que le Gouvernement Egyptien jugerait nécessaire d'apporter aux modifications votées par l'Assemblée Générale.

Art. 72. Dans le cas de dissolution de la société, l'Assemblée Générale, sur la proposition du Conseil d'Administration, détermine le mode à adopter, soit pour la liquidation, soit pour la réconstitution d'une société nouvelle.

Titre VIII.—*Attribution de Juridiction. Contestations.*

Art. 73. La société étant constituée, avec approbation du Gouvernement Egyptien, sous la forme anonyme, par analogie aux sociétés anonymes autorisées par le Gouvernement Français, elle est régie par les principes de ces dernières sociétés.

Quoique ayant son siége social à Alexandrie, la Société fait élection de domicile légal et attributif de juridiction à son domicile administratif à Paris, où doivent lui être faites toutes significations.

Art, 74. Toutes les contestations qui peuvent s'élever entre les associés sur l'exécution des présents Statuts et à raison des affaires sociales sont jugées par arbitres nommés par les parties, sans qu'il puisse être nommé plus d'un arbitre pour toutes les parties représentant un même intérêt.

Les appels de ces sentences sont portés devant la Cour d'Appel de Paris.

Art. 75. Les contestations touchant l'intérêt général et collectif de la société ne peuvent être dirigées soit contre le Conseil d'Administration, soit contre l'un de ses membres, qu'au nom de la généralité des actionnaires et en vertu d'une délibération de l'Assemblée Générale.

Tout actionnaire qui veut provoquer une contestation de cette nature doit en faire la communication au Conseil d'Administration quinze jours au moins avant la réunion de l' Assemblée Générale, en la faisant appuyer par la signature d'au moins dix actionnaires en mesure d'assister à cette assemblée. Le Conseil est alors tenu de mettre la question à l'ordre du jour de la séance.

Si la proposition est repoussée par l'assemblée, aucun actionnaire ne peut la reproduire en justice dans son intérêt particulier. Si elle est accueillie, l'assemblée désigne un ou plusieurs commissaires pour suivre la contestation.

Les significations auxquelles donne lieu la procédure ne peuvent être adressées qu'aux dits commissaires. Dans aucun cas, elles ne doivent l'être aux actionnaires personnellement.

Titre IX.—*Commissaire Spécial du Gouvernement Egyptien près la Compagnie.*

Art. 76. Conformément au Cahier des Charges un commissaire spécial est délégué près la Compagnie, à son domicile administratif, par le Gouvernement Egyptien.

Le commissaire du Gouvernement Egyptien peut prendre connaissance des opérations de la Société, et faire toutes communications ou notifications nécessaires

à l'accomplissement de son mandat, pour l'exécution du Cahier des Charges de la concession.

TITRE X.—*Dispositions Transitoires. Premier Conseil d'Administration.*

Art. 77. Par dérogation aux Articles 24, 26, 27, 30, 56 ci-dessus et sauf l'exception déterminée par l'Article 23 de l'Acte de Concession, le Conseil d'Administration est constitué comme suit, pour toute la durée des travaux et pendant les cinq premières années qui suivront l'ouverture du Canal Maritime à la grande navigation.

MM.———

Indépendamment des attributions déterminées par les Articles 34 et 35 des présents Statuts le Conseil d'Administration, constitué comme il est dit ci-dessus, est investi de tous pouvoirs pour assurer l'exécution de l'entreprise. A cet effet, il peut choisir le mode qui lui paraît le plus favorable tant pour l'acquisition et la revente des terrains que pour l'achat des matières, l'exécution des travaux et la fourniture du matériel de toute nature. Il peut autoriser la mise en adjudication de tout ou partie des travaux, l'acquisition de tous biens meubles et immeubles nécessaires à l'établissement et à l'exploitation des canaux et dépendances faisant partie de la Concession. Il peut également, et dans le même but, autoriser les travaux en régie et les marchés à forfait pour tout ou partie de l'entreprise.

Le premier Conseil d'Administration est autorisé, pendant la durée du mandat spécial qui fait l'objet du présent Article, à se compléter, en cas de vacances, de quelque manière que ces vacances se produisent.

TITRE XI.—*Publications.*

Art. 78. Tous pouvoirs sont donnés au porteur d'une expédition des présentes pour les faire publier à Alexandrie et partout où besoin sera.

Nous Mohammed-Saïd-Pacha, Vice-Roi d'Egypte, après avoir pris connaissance du Projet des Statuts de la Compagnie Universelle du Canal Maritime de Suez et dépendances, lequel nous à été présenté par M. Ferdinand de Lesseps, et dont l'original, contenant 78 Articles, reste déposé dans nos archives, déclarons donner aux dits Statuts notre approbation, pour qu'ils soient annexés à notre Acte de Concession et Cahier des Charges, en date de ce jour.

Alexandrie, le 26 *Rebi-ul-akhir*, 1272 (5 *Janvier* 1856).

(Cachet de Son Altesse le Vice-Roi.)

No. 5.

Règlement sur l'Emploi des Ouvriers Indigènes par la Compagnie Universelle du Canal Maritime de Suez.—Alexandrie, le* 20 *Juillet*, 1856.

NOUS, Mohammed-Saïd-Pacha, Vice-Roi d'Egypte, voulant assurer l'exécution des travaux du Canal Maritime de Suez, pourvoir au bon traitement des ouvriers Egyptiens qui y seront employés, et veiller en même temps aux intérêts des cultivateurs, propriétaires et entrepreneurs du pays, avons établi, de concert avec M. Ferdinand de Lesseps, comme Président-fondateur de la Compagnie Universelle du dit Canal, les dispositions suivantes :

Article 1. Les ouvriers qui seront employés aux travaux de la Compagnie seront fournis par le Gouvernement Egyptien, d'après les demandes des ingénieurs en chef et suivant les besoins.

Art. 2. La paye allouée aux ouvriers sera fixée suivant les prix payés, en moyenne, pour les travaux des particuliers, à la somme de $2\frac{1}{2}$ à 3 piastres par jour, non compris les rations qui seront délivrées en nature par la Compagnie pour la valeur d'une piastre.

Les ouvriers au-dessous de douze ans ne recevront qu'une piastre, mais ration entière.

Les rations en nature seront distribuées par jour ou tous les deux ou trois jours à l'avance; et dans le cas où l'on serait assuré que les ouvriers qui en feront la demande seront en état de pourvoir à leur nourriture, la ration leur sera donnée en argent;

* Abrogated by Art. I of Convention of February 22, 1866 (Hertslet's State Papers, vol. lvi, page 278).

La paye en argent aura lieu toutes les semaines. Cependant la Compagnie ne comptera, pendant le premier mois, que la moitié de la paye, jusqu'à ce qu'elle ait accumulée une réserve de quinze jours de solde, après quoi la paye entière sera délivrée aux ouvriers.

Le soin de fournir de l'eau potable en abondance pour tous les besoins des ouvriers est à la charge de la Compagnie.

Art. 3. La tâche imposée aux ouvriers ne dépassera pas celle qui est fixée dans l'administration des ponts et chaussées en Egypte, et qui a été adoptée dans les grands travaux de canalisation exécutés pendant ces dernières années.

Le nombre des ouvriers employés sera fixé en prenant en considération les époques des travaux de l'agriculture.

Art. 4. La police des chantiers sera faite par les officiers et agents du Gouvernement, sous les ordres et suivant les instructions des ingénieurs en chef, conformément à un règlement spécial qui recevra notre approbation.

Art. 5. Les ouvriers qui n'auront pas rempli leur tâche seront soumis à une diminution de salaire qui ne sera pas moindre du tiers, et qui sera proportionnée au déficit de l'ouvrage commandé. Ceux qui déserteront perdront, par ce seul fait, les quinze jours de solde en réserve; le montant en sera versé à la caisse de l'hôpital, dont il sera parlé à l'Article suivant. Ceux qui apporteraient du trouble dans les chantiers seront privés également des quinze jours de solde en réserve. Ils seront, en outre, passibles d'une amende qui sera versée à la caisse de l'hôpital.

Art. 6. La Compagnie sera tenue d'abriter les ouvriers, soit sous des tentes, soit dans des hangars ou maisons convenables. Elle entretiendra un hôpital et des ambulances, avec tout le personnel et tout le matériel nécessaires pour traiter les malades à ses frais.

Art. 7. Les frais de voyage des ouvriers engagés et de leurs familles, depuis le lieu de leur départ jusqu'à leur arrivée sur les chantiers, seront à la charge de la Compagnie.

Chaque ouvrier malade recevra à l'hôpital ou dans les ambulances, outre les soins que réclamera son état, une paye d'une piastre et demie pendant tout le temps qu'il ne pourra pas travailler.

Art. 8. Les ouvriers d'art, tels que maçons, charpentiers, tailleurs de pierre, forgerons, &c., recevront la paye que le Gouvernement a l'usage de leur allouer pour ses travaux, outre la ration de vivres ou la valeur de cette ration.

Art. 9. Lorsque de militaires appartenant au service actif seront employés aux travaux, la Compagnie déboursera pour chacun d'eux, à titre de haute paye, de solde ordinaire ou d'entretien, une somme égale à la paye des ouvriers civils.

Art. 10. Toutes les couffes nécessaires pour le transport des terres et des matériaux, ainsi que la poudre pour l'exploitation des carrières, seront fournies par le Gouvernement à la Compagnie, au prix de revient, pourvu que la demande en ait été faite au moins trois mois à l'avance.

Art. 11. Nos ingénieurs Linant-Bey et Mougel-Bey, que nous mettons à la disposition de la Compagnie pour la direction et la conduite des travaux, auront la surveillance supérieure des ouvriers, et s'entendront avec l'administrateur délégué de la Compagnie pour aplanir les difficultés qui pourraient survenir dans l'exécution du présent décret.

Fait à Alexandrie, le 20 Juillet, 1856.

(Cachet de Son Altesse le Vice-Roi.)

No. 6.

Convention Financière portant Premier Règlement de Compte avec le Gouvernement Egyptien au sujet de sa Souscription.—Signée à Alexandrie, le 6 Août, 1860.

DANS la présente pièce est consignée la Convention suivante à l'effet de porter les actions de la Compagnie du Canal de Suez, qui devront être inscrites au nom de Son Altesse le Vice-Roi, au nombre de 177,642 actions.

Article 1. Montant des deux premiers dixièmes, payements effectués sur ce montant et le solde, le tout sauf erreur et omission.

	Fr.	c.
Il sera porté dans les registres de la Compagnie au débit de Son Altesse le Vice-Roi, à dater du 1er Janvier, 1859, le montant des deux-dixièmes susmentionnés s'élevant, à raison de 100 fr. par action, à	17,764,200	00
A déduire la somme qui doit être passée au crédit de Son Altesse, dans les registres de la Compagnie, pour capital et intérêts des payements déjà faits à la Compagnie par l'entremise de la maison Ruyssenaërs frères ..	2,394,914	52
Reste pour solde dû par Son Altesse	15,369,285	48
A déduire les intérêts dus à Son Altesse sur les sommes payées par elle depuis le 1er Janvier, 1859, jusqu'au 31 Décembre, 1859	121,242	60
Reste pour solde dû à la Compagnie	15,248,042	88

Ce solde sera remboursé de la manière suivante, sauf erreur à établir s'il y a lieu :—

Art. 2. La somme de 15,248,042 fr. 88 c. précitée sera remboursée à la Compagnie en *sanad talab* (obligations) sur le Trésor Egyptien aux échéances indiquées plus bas, avec un compte d'intérêts à raison de 10 pour cent l'an depuis le 1er Janvier, 1860, jusqu'aux dates des payements des dits *sanab* (obligations) comme suit :—

	Fr.	c.
Du 15 Janvier 1863, au 8 Décembre, 1863, répartis en neuf payements chacun de 256,125 fr.	2,305,125	00
Du 15 Janvier, 1864, au 8 Décembre, 1864, répartis en neuf payements chacun de 478,367 fr. 33 c.	4,314,305	96
Du 15 Janvier, 1865, au 8 Décembre, 1865, répartis en neuf payements chacun de 479,367 fr. 33 c.	4,314,305	96
Du 15 Janvier, 1866, au 8 Décembre, 1866, répartis en neuf payements chacun de 479,367 fr. 33 c.	4,314,305	96
	15,248,042	88

Art. 3. Les *sanad talab* (obligations) susmentionnés seront acceptés par la Compagnie comme numéraire, et par conséquent leur montant sera passé au crédit du compte courant de Son Altesse à partir du 1 Janvier, 1860.

Art. 4. Le montant des deux premiers dixièmes des actions susénoncées se trouvant ainsi soldé, un intérêt de 5 pour cent l'an sera passé au crédit de Son Altesse le Vice-Roi, à partir du 1 Janvier, 1860, et réglé par semestres au 1 Janvier et au 1 Juillet. Le produit de cet intérêt sera déduit des 10 pour cent d'intérêt à calculer sur le montant des *sanad* (obligations), dont il est fait mention à l'Article 2.

Art. 5. Conformément aux Articles qui précèdent, la Compagnie doit livrer à Son Altesse le Vice-Roi des actions équivalentes au montant des sommes ainsi payées par elle.

Art. 6. Les huit dixièmes restants du montant des actions ci-dessus indiquées ne seront payés par Son Altesse le Vice-Roi qu'à partir du 1 Janvier, 1867, et jusqu'au 15 Janvier, 1875, par huitième chaque année à répartir également sur chaque mois de l'année. Le payement de ces huit dixièmes sera réglé par des *sanad talab* (obligations) sur le Trésor Egyptien aux échéances indiquées dans le présent Article, portant un intérêt égal à celui que doivent porter les actions dont elles sont l'équivalent, de telle sorte qu'il y ait compensation d'intérêts des deux côtés.

Fait double à Alexandrie le 18 Moharrem, 1277 (correspondant au 6 Août, 1860).

Pour la Compagnie du Canal de Suez et au nom de son Conseil d'Administration :

(Signé) LE PRESIDENT-FONDATEUR.

Pour M. Ferd. de Lesseps, Président de la Compagnie du Canal de Suez et par procuration spéciale :

(Les Administrateurs Délégués)
(Signé) A. DE CHANCEL.
P. GERARDIN.

(Cachet du Ministre des Finances.)

No. 7.

Convention entre le Gouvernement Egyptien et la Compagnie Universelle du Canal Maritime de Suez, pour la Construction du Canal d'Eau Douce du Caire au Ouady.—Signée au Caire, le 18 Mars, 1863.

Exposé.

AUX termes des actes du Gouvernement Egyptien, des 30 Novembre, 1854,* et 5 Janvier, 1856,† portant Concession et Cahier des Charges pour la construction, à travers l'Isthme de Suez, d'un canal maritime avec les ports et les canaux d'irrigation et d'alimentation en dépendant;

La Compagnie, en ce qui concerne spécialement le canal d'eau douce dérivé du Nil, a l'obligation, conformément aux Articles 1, 4, et 7 de l'Acte du 5 Janvier, 1856, de creuser ce canal depuis le Caire jusqu'à Timsah, pour la navigation fluviale, avec dérivation, pour irrigation et alimentation, de Timsah à Port Saïd et de Timsah à Suez, et d'entretenir les dits canaux en bon état.

En outre, la Compagnie a le droit, aux termes des Articles 10 et 12 du dit Acte, de réclamer du Gouvernement Egyptien:

1. L'abandon, sans aucun impôt ni redevance, de tous les terrains n'appartenant pas à des particuliers, qui seront nécessaires à l'établissement de ces canaux.

2. La jouissance de tous les terrains incultes, n'appartenant pas à des particuliers, qui seront arrosés et mis en culture par ses soins avec exemption d'impôt pendant 10 ans; les dits terrains étant soumis, après ce terme, aux obligations et aux impôts auxquels seront soumises, dans les mêmes circonstances, les terres des autres provinces de l'Egypte;

3. La livraison des terrains de propriété particulière dont la possession est nécessaire à l'exécution des travaux et à l'exploitation des concessions, à la charge par la Compagnie de payer aux ayants droit de justes indemnités, fixées au besoin par arbitrage.

Enfin, aux termes des Articles 8 et 17 du dit Acte de Concession, la Compagnie est autorisée à percevoir des droits de navigation, de remorquage ou de stationnement, pour le passage dans ces canaux, et pour toutes les prises d'eau accordées, à la demande des particuliers riverains, un droit proportionnel à la quantité d'eau absorbée et à l'étendue des terrains arrosés, suivant un tarif fixé par la Compagni .

M. Ferdinand de Lesseps, Président-Fondateur de la Compagnie Concessionnaire, ayant représenté à Son Altesse que la prise d'eau provisoire établie sur le Canal de Zagazig allait devenir insuffisante pour la sécurité de l'alimentation du canal d'eau douce jusqu'à Suez, et que la Compagnie était dans la nécessité de pourvoir, à ce sujet, aux besoins de la concession, en exécutant dans les conditions rappelées ci-dessus la partie de son canal dérivé du Nil, depuis le fleuve jusqu'au Ouady-Toumilat, avec une prise d'eau spéciale, directe et permanente, au Caire ou près du Caire.

Il a été reconnu par Son Altesse et par M. de Lesseps que les moyens de construction de cette partie du canal, par les soins et au compte de la Compagnie, notamment en ce qui concerne l'expropriation et la prise de possession des terrains appartenant à des particuliers, donneraient lieu à des questions d'administration intérieure fort complexes et fort graves, et dont il est désirable pour le Gouvernement Egyptien de se réserver la libre solution, suivant les lois et les coutumes du pays.

En conséquence de cet exposé, et pour éviter dans l'exercice des droits et intérêts de la Compagnie, toute difficulté, et en même temps pour respecter les convenances du Gouvernement Egyptien, il a été convenu et stipulé ce qui suit:

Entre son Excellence Nubar-Bey, agissant au nom du Gouvernement Egyptien, en vertu des pouvoirs qui lui sont conférés par Son Altesse le Vice-Roi, suivant ordre de Son Altesse en date du 16 du présent mois, d'une part;

Et M. Ferdinand de Lesseps, Président-Fondateur de la Compagnie Universelle du Canal Maritime de Suez, agissant en vertu des pouvoirs spéciaux dont il est investi au nom de la dite Compagnie, d'autre part:—

* No. 1. † No. 3.

Convention.

Art. 1. La Compagnie renonce au droit qui résulte pour elle des actes de sa concession, à l'effet d'établir par elle-même au Caire la prise d'eau de son canal dérivé du Nil, et de prendre possession des terrains nécessaires à la construction de ce canal depuis le Caire jusqu'à sa jonction au point qui sera déterminé par les ingénieurs de la Compagnie dans le Ouady avec le Canal du Ouady, déjà ouvert à la navigation.

En outre, la Compagnie s'engage à donner à la dérivation actuellement en construction, depuis Nefiche jusqu'à Suez, des dimensions suffisantes pour que cette dérivation ne soit pas seulement propre à l'irrigation et à l'alimentation, comme il est stipulé au Cahier des Charges, mais pour qu'elle soit, en même temps propre à la navigation fluviale.

Art. 2. Comme compensation des dérogations consenties par la Compagnie aux droits de son Acte de Concession stipulées à l'Article ci-dessus, le Gouvernement Egyptien s'oblige et s'engage à établir la jonction au Nil du canal d'eau douce de la Compagnie, avec prise d'eau directe, spéciale et permanente, au Caire, et raccordement au Canal du Ouady ; le tout, dans les conditions stipulées dans l'Acte de concession du 5 Janvier, 1856, et notamment sous les conditions ci-après :

1. Le canal sera construit, et les prises d'eau du Caire établies, suivant le programme de la Commission Internationale, dans les dimensions, d'après les tracés et sur les plans qui seront arrêtés par le directeur-général des travaux de la Compagnie, et approuvés par le Gouvernement de Son Altesse.

2. L'exécution des travaux sera suivie et contrôlée par les ingénieurs de la Compagnie, qui seront appelés à constater la bonne construction de tous les ouvrages.

3. Les travaux devront être commencés dès que la remise des plans aura été faite par la Compagnie aux services de Son Altesse le Vice-Roi. Ils seront conduits de manière à être achevés autant que possible dans une seule campagne, c'est-à-dire dans des conditions telles que l'alimentation du canal de la Compagnie, à partir du Ouady, soit assurée d'une manière complète et permanente avant le mois de Mars, 1864.

4. Le canal de jonction du Nil au Canal du Ouady, construit par le Gouvernement Egyptien au lieu et place de la Compagnie du Canal de Suez, sera soumis à toutes les servitudes qui devaient être attachées à ce canal s'il eût éte construit par la Compagnie elle-même, c'est-à-dire qu'il sera constamment entretenu en bon état de manière à fournir la quantité d'eau nécessaire en toute saison, les irrégularités du Nil étant prises en considération, et que sa prise d'eau sera principalement et spécialement affectée à l'alimentation des canaux de la Compagnie.

Art. 3. Le Gouvernement Egyptien, propriétaire de la prise d'eau au Nil et du parcours du canal d'eau douce d'alimentation, longeant les terres cultivées de l'Egypte jusqu'au Ouady, s'engage à ne pas percevoir, spécialement à ce canal, de droit de navigation sur les bâtiments et barques qui se rendront dans les canaux fluviaux du Ouady jusqu'à Suez, ou qui en reviendront.

Art. 4. A défaut, par l'une ou l'autre des parties contractantes, d'exécuter les clauses et conditions qui précèdent, sauf les cas de force majeure, une Commission de quatre membres, dont deux désignés par chacune des parties, et qui auront à nommer un président (cinquième membre), statuera s'il y a des dommages, et fixera, dans ce cas, la somme d'indemnité à payer, ou déterminera les mesures à prendre d'urgence.

Fait double au Caire, le 18 Mars, 1863.

(Signé) N. NUBAR.
FERD. DE LESSEPS.

No. 8.

Convention Financière pour le Règlement du Solde des Versements exigibles sur les Actions Souscrites par le Trésor Egyptien.—Signée au Caire, le 20 *Mars,* 1863.

EN exécution des engagements contractés par le Gouvernement Egyptien, il a été convenu entre Son Altesse le Vice-Roi et la Compagnie Universelle du Canal Maritime de Suez, de liquider de la manière suivante la participation du Gouvernement Egyptien dans la souscription du capital de la Compagnie.

Exposé.

Le compte des souscriptions du Gouvernement Egyptien au capital de la Compagnie du Canal de Suez, réglé au 1 Janvier dernier, s'établit de la manière suivante,

Savoir :

Le Gouvernement Egyptien est souscripteur de 177,642 actions.

	Fr.	c.
Les 300 fr. par action, appelés jusqu'à ce jour, constituent, pour ce nombre d'actions, un débit total de	53,292,600	00
D'où il y a lieu de déduire—		
1. Le montant des avances faites par le Trésor Egyptien pour études, travaux préparatoires, achats de matériel et toutes dépenses antérieures à la formation de la société, suivant compte arrêté au 1er Janvier, 1860	2,516,157	12
2. Les intérêts à 5 pour cent de la dite somme du 1er Janvier, 1860, au 1er Janvier, 1853, pour les coupons semestriels acquis aux versements que cette somme représente à titre d'à-compte sur le premier appel de fonds de 100 fr. fait à l'époque de la souscription, soit 3 ans	377,423	55
3. Le montant en capital des obligations déjà remises à la Compagnie (valeur du 1er Janvier, 1860), pour solde du premier appel de fonds de 100 fr. par action, ci	15,248,042	10
	18,141,622	77
Reste au débit du Gouvernement Egyptien, à la date du 1er Janvier, 1860 (les intérêts dus pour ce capital étant compensés par les coupons semestriels des actions qu'ils représentent), la somme nette, sauf erreur ou omission, de	35,150,977	23

Considérant qu'il y a lieu de satisfaire à deux intérêts : le premier, de libérer le Gouvernement Egyptien envers la Compagnie, suivant les ressources et la convenance de son Trésor, en le plaçant dans une position égale à celle de tous les autres actionnaires, de telle sorte qu'il puisse avoir la libre disposition de ses titres ;

Le second, de mettre la Compagnie à même de réaliser son capital suivant ses besoins.

Il a été convenu et stipulé—

Entre son Excellence Nubar-Bey, agissant au nom du Gouvernement Egyptien, en vertu des pouvoirs qui lui ont été conférés par ordre de son Altesse, en date de ce jour, d'une part ;

Et M. Ferdinand de Lesseps, Président-Fondateur de la Compagnie Universelle du Canal Maritime de Suez, agissant en vertu des pouvoirs spéciaux dont il est investi au nom de la dite Compagnie, d'autre part :

Convention.

Article 1. La Compagnie conserve, avec la faculté d'en opérer la coupure et d'en faire la négociation à sa convenance, la libre disposition des obligations du Trésor Egyptien qui lui ont déjà été remises, conformément à la Convention du 6 Août, 1860.*

Art. 2. Pour effectuer le solde des deuxième et troisième versements de 100 fr., exigibles sur les 177,642 actions dont il est souscripteur, et qui s'élèvent, suivant le compte établi ci-dessus, au 1er Janvier, 1863, au capital de 35,150,977 fr. 23 c., le Gouvernement Egyptien s'engage à payer à la Compagnie, à dater du 1er Janvier, 1864, et de mois en mois, jusqu'à complète libération, la somme de 1,500,000 fr. par mois.

Il est bien entendu que, conformément aux Conventions antérieures, les sommes payées par le Trésor Egyptien seront, au fur et à mesure de leur encaissement par la Compagnie, passées au crédit du compte des souscriptions ouvert à Son Altesse, et porteront les intérêts à 5 pour cent l'an acquis aux coupons semestriels dus sur les actions ; les intérêts dus réciproquement pour le surplus étant compensés.

Art. 3. Le Gouvernement Egyptien se réserve la faculté, lorsque les convenances de son Trésor le réclameront, de mettre à la Compagnie le montant des payements mensuels stipulés ci-dessus en bons du Trésor négociables et sous les conditions ci-après :

1. Les frais d'escompte et de négociation seront au compte du Gouvernement Egyptien, de telle sorte que la Compagnie touche toujours intégralement et en espèces le montant des payements auxquels elle a droit.

2. Les bons seront remis à la Compagnie, aux mains de l'Administrateur Agent

* No. 6.

Supérieur en Egypte, un mois au moins avant la date du payement qu'ils auront pour objet de représenter, à défaut de quoi, le payement sera exigible par la Compagnie à sa date et en espèces.

Art. 4. Pour les deux autres cinquièmes, le Gouvernement Egyptien se réserve le droit, lorsque la Compagnie en fera l'appel à ses actionnaires, de prendre, d'accord avec elle, tels arrangements qui conviendront à l'état de son Trésor.

Fait double au Caire, le 20 Mars, 1863.

(Signé) N. NUBAR.
FERD. DE LESSEPS.

No. 9.

Sentence Arbitrale de l'Empereur des Français, sur le Compromis relatif au Canal de Suez.—Fait à Fontainebleau, le 6 Juillet, 1864.

NAPOLEON, par la grâce de Dieu et la volonté nationale, Empereur des Français,

A tous ceux qui ces présentes lettres verront, salut :—

Vu le compromis signé le 21 Avril, 1864,* par :

Son Excellence Nubar Pacha, Mandataire Spécial de Son Altesse le Vice-d'Egypte.

Et M. Ferdinand de Lesseps, au nom et comme Président Fondateur de la Compagnie Universelle du Canal Maritime du Suez,

Dont l'Article 2 est ainsi conçu :

* *Compromis entre Nubar Pacha et M. de Lesseps.*

Paris, le 21 *Avril,* 1864.

Entre Son Altesse Ismail Pacha, Vice-Roi d'Egypte, représenté par son Excellence Nubar Pacha, son mandataire spécial, à l'effet de traiter avec la Compagnie Universelle du Canal de Suez aux termes de la lettre de son Altesse, en date du 18 Août, 1863, relatée dans celles du dit Nubar Pasha, des 12 et 18 Octobre suivant, d'une part ;

Et M. Ferdinand de Lesseps, au nom et comme Président-Fondateur de la dite Compagnie, nommé et reconnu en cette qualité par le Vice-Roi d'Egypte lui-même, et spécialement autorisé à l'effet des présentes suivant déliberation de l'assemblée générale des actionnaires en date (à Paris) du 1 Mars, 1864, d'autre part ;

Il a été expo-é ce qui suit :

En donnant à M. de Lesseps la mission de former une Compagnie Universelle pour le percement de l'Isthme de Suez, l'exploitation d'un canal propre à la grande navigation, &c., Son Altesse Mohammed Saïd, Vice-Roi d'Egypte, prédécesseur de Son Altesse Ismail Pacha, consacra par deux Firmans de Concession, le premier du 30 Novembre, 1854,† le second, du 5 Janvier, 1856,‡ d'une part, les droits et avantages constitués au profit de la future compagnie, de l'autre les charges et obligations qui lui étaient imposées. Ces derniers étaient l'exécution et l'établissement aux frais, risques, et périls de la compagnie :—1. D'un canal approprié à la grande navigation maritime entre Suez et le Golfe de Péluse. 2. D'un canal d'irrigation approprié à la navigation fluviale du Nil, joignant le fleuve au canal maritime. 3. De deux branches d'irrigation et d'alimentation dérivées du précédent canal, et portant leurs eaux dans les deux directions de Suez et de Péluse, le tout sous les conditions reprises aux dits Firmans.

Les droits et avantages étaient : 1. L'abandon par le Gouvernement Egyptien à la Compagnie, sans aucun impôt ni redevance, de la jouissance de tous les terrains n'appartenant pas à des particuliers, qui seront nécessaires à la construction des canaux et dépendances ; 2. La jouissance pendant 99 ans, de tous les terrains aujourd'hui incultes n'appartenant pas à des particuliers qui seront arrosés et mis en culture par la Compagnie et à ses frais, avec l'exemption pour ces terrains de tout impôt, mais pendant 10 ans seulement à dater de leur mise en rapport, et avec la faculté, à l'expiration de la Concession, de conserver la jouissance de ces terrains en payant les impôts établis sur les terres dans les mêmes conditions.

Pour déterminer l'étendue et les limites de ces derniers terrains on se référait aux plans qui devaient être annexés aux Firmans de Concessions.

Chacun de ces Firmans est terminé par un rescrit contenant la réserve de la ratification de Sa Majesté Impériale le Sultan. Le rescrit du 5 Janvier, 1856, adressé à M. de Lesseps, est ainsi conçu :—"La Concession accordée à la Compagnie Universelle devant être ratifiée par Sa Majesté Impériale le Sultan, je vous remets cette copie authentique afin que vous puissiez constituer la dite compagnie financière : quant aux travaux de percement de l'Isthme elle pourra les exécuter elle-même dès que l'autorisation de la Sublime Porte m'aura été accordée."

Le 20 Juillet, 1856,§ intervient un nouvel acte, qualifié règlement et décret par le Gouvernement Egyptien—Règlement Conventionnel au contrat par la Compagnie. Par cet acte le Vice-Roi (qui, Articles 2 et 22 du Firman du 5 Janvier, 1856) avait stipulé que les quatre cinquièmes au moins des ouvriers employés à ces travaux seraient Egyptiens, et promis comme témoignage de l'intérêt qu'il portait à l'œuvre le loyal concours de son Gouvernement) voulant, dit-il, assurer l'exécution des travaux, pourvoir au bon traitement des ouvriers Egyptiens qui y seront employés, et veiller en même temps aux intérêts des cultivateurs, propriétaires, et entrepreneurs du pays, établit de concert avec M. de Lesseps comme Président-Fondateur de la Compagnie, des dispositions dont la première est ainsi conçue :—

"Art. 1. Les ouvriers qui seront employés aux travaux de la Compagnie seront fournis par le Gouvernement Egyptien d'après les demandes des ingénieurs en chef et suivant les besoins."

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† No. 1. ‡ No. 3. § No. 5.

Sa Majesté est suppliée de prononcer sur les questions ainsi formulées :

1. La suppression de la corvée étant acceptée en principe, quelle est la nature et la valeur du Règlement du 20 Juillet, 1856,* sur l'emploi des ouvriers indigènes?

2. Quelle serait l'indemnité à laquelle l'annulation de ce Règlement peut donner lieu? Le fondé de pouvoirs du Vice-Roi se déclarant autorisé à promettre que la clause stipulée en l'Article 2 du second Acte de Concession et Cahier des Charges du 5 Janvier, 1856,† sera rapportée.

3. La portion du Canal d'eau douce non rétrocédée au Vice-Roi par la Convention du 18 Mars, 1863,‡ doit-elle continuer d'appartenir à la Compagnie pendant la

Les autres Articles concernant les obligations à remplir par la Compagnie pour le salaire, la nourriture, les soins, et enfin la police des chantiers.

C'est d'après la publication de tous ces documents et actes que la souscription a été ouverte, et que les 400,000 actions ont été complètement prises, dont 177,642 par le Vice-Roi lui-même.

Les démarches faites auprès de la Sublime Porte pour obtenir la ratification officielle n'ont point encore abouti. Tout en manifestant des dispositions favorables au but de l'entreprise, elle a réservé son droit d'examiner les conditions sous lesquelles elle avait lieu. La Compagnie néanmoins commença ses travaux et les poussa assez avant tant pour l'établissement du canal d'eau douce que pour celui du canal maritime.

Après la mort de Mohammed Saïd, Son Altesse Ismail Pacha, son successeur, fit avec la Compagnie deux Conventions, la première du 18,‡ et la seconde du 20 Mars, 1863.§ Mais la Sublime Porte aperçevant dans la Concession des canaux d'eau douce et de vastes terrains une menace contre son indépendance et dans le règlement sur la fourniture des ouvriers une contravention aux lois qui régissent aujourd'hui l'Empire Ottoman, fit connaître, par une note diplomatique, en date du 6 Avril, 1863, adressée à ses Représentants auprès des Cours de Paris et de Londres, son opposition à la continuation des travaux.

La même notification est faite à Ismail Pacha, qui, en se soumettant aux droits réclamés par son Souverain, communique à M. de Lesseps, par sa lettre du 18 Août, 1863, son intention de traiter et régler ces questions avec la Compagnie, et accrédite Nubar Pacha pour s'entendre avec lui sur les propositions qu'il lui soumettra.

Ces propositions formulées dans les lettres des 12 et 28 Octobre, 1863, devront recevoir leur solution amiable dans le délai de six mois, sinon la question sortira de son pouvoir pour retourner à Constantinople.

Le Conseil d'Administration de la Compagnie repoussa ces propositions par sa résolution en date du 29 du même mois. Par des mémoires et consultations les deux parties ont soutenu leurs prétensions respectives, et le délai de six mois était près d'expirer lorsque Son Altesse le Vice-Roi d'Egypte écrivit à Sa Majesté l'Empereur Napoléon III pour lui demander de vouloir bien prononcer lui-même sur les questions encore pendantes entre le Gouvernement Egyptien et la Compagnie.

Sa Majesté l'Empereur, ayant daigné accepter l'arbitrage déféré, l'assemblée générale des actionnaires donna son adhésion par acclamation, ainsi qu'il résulte du procès-verbal de la séance du 1 Mars, 1864. Une décision de l'Empereur du 3 du même mois constitua une commission pour examiner préalablement les questions soumises; une prorogation de deux mois ayant été ajoutée au délai qui était sur le point d'expirer, les parties ont comparu devant la commission instituée, et après plusieurs séances tenues au Ministère des Affaires Etrangères ont, en présence de cette commission, arrêté et signé le compromis dans les termes suivants:—

Art. 1. Son Altesse Ismail Pacha, Vice-Roi d'Egypte, représenté par son Excellence Nubar Pacha, son mandataire spécial, d'une part; et M. Ferdinand de Lesseps, Président-fondateur de la Compagnie Universelle du Canal de Suez, autorisé par l'assemblée générale des actionnaires, déclare constituer Sa Majesté l'Empereur Napoléon III arbitre.

Ils le remercient avec la plus vive reconnaissance d'avoir daigné accepter la mission de terminer à l'amiable leurs différends.

Art. 2. Sa Majesté est suppliée de prononcer sur les questions ainsi formulées:—

(1.) La suppression de la corvée étant acceptée en principe, quelle est la nature et la valeur du Règlement du 20 Juillet, 1856, sur l'emploi des ouvriers indigènes?

(2.) Quelle serait l'indemnité à laquelle l'annulation de ce Règlement peut donner lieu? Le fondé de pouvoir du Vice-Roi se déclarant autorisé à promettre que la clause stipulée en l'Article 2 du deuxième Acte de Concession et Cahier des Charges du 5 Janvier, 1856, sera rapportée.

(3.) La portion du canal d'eau douce non rétrocédée du Vice-Roi, par la Convention du 18 Mars, 1863, doit-elle continuer d'appartenir à la Compagnie pendant la durée déterminée par l'Acte de Concession comme une annexe indispensable du Canal Maritime?

Dans le cas contraire, quelles sont les conditions auxquelles la rétrocession pourrait en être opérée et que les parties s'engagent dès à présent à accepter?

(4.) Les cartes et plans qui aux termes de l'Article 8 de l'Acte de Concession du 30 Novembre, 1854, et l'Article 11 de celui de 5 Janvier, 1856, devrait être dressés, ne l'ayant pas été, quelle est l'étendue des terrains nécessaires à la construction et à l'exploitation du Canal Maritime (et du canal d'eau douce, s'il est conservé à la Compagnie) dans les conditions propres à assurer la prospérité de l'entreprise?

(5.) Quelle est l'indemnité dûe à la Compagnie à raison de la rétrocession acceptée en principe, des terrains dont il est fait mention dans les Articles 7 et 8 de l'Acte de Concession de 1854, et dans les Articles 10, 11, et 12, de celui de 1856.

Art. 3. Les parties s'engagent à exécuter la décision que rendra Sa Majesté l'Empereur Napoléon III comme jugement souverain et sans recours.

Art. 4. Le délai de deux mois pour lequel Son Altesse le Vice-Roi d'Egypte s'est entendu avec la Sublime Porte ne commencera à courir, que du jour de la signature du présent compromis.

Fait à Paris, le 21 Avril, 1864.

(L.S.) NUBAR PACHA.
(L.S.) FRED. DE LESSEPS.

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* No. 5. † No. 4. ‡ No. 7. § No. 8.

durée déterminée par l'Acte de Concession comme une annexe indispensable du Canal Maritime? Dans le cas contraire, quelles sont les conditions auxquelles la rétrocession pourrait en être opérée, et que les parties s'engagent dès à présent à accepter?

4. Les cartes et plans qui, aux termes de l'Article 8 de l'Acte de Concession du 30 Novembre, 1854, et de l'Article 11 de celui du 5 Janvier, 1856, devaient être dressée ne l'ayant pas été, quelle est l'étendu des terrains nécessaires à la construction et à l'exploitation du Canal Maritime (et du canal d'eau douce, s'il est conservé à la Compagnie) dans les conditions propres à assurer la prospérité de l'entreprise?

5. Quelle est l'indemnité due à la Compagnie, à raison de la rétrocession acceptée en principe des terrains dont il est fait mention dans les Articles 7 et 8 de l'Acte de Concession de 1854, et dans les Articles 10, 11, et 12 de celui de 1856?

Vu le rapport de la commission instituée par notre décision, en date du 3 Mars, 1864;*

Considérant sur la première question, que, pour apprécier la pensée qui a présidé au Règlement du 20 Juillet, 1856, et le caractère de cet Acte, il convient de rapprocher les dispositions qu'ils renferme de celles qui sont contenues dans les deux Firmans de Concessions en date des 30 Novembre, 1854, et 5 Janvier, 1856;

Que celles-ci, après avoir autorisé la constitution de la Compagnie, indiquent le but pour lequel elle doit être établie, déterminent les charges et les obligations qui lui sont imposées et lui assurent les avantages dont elle doit jouir;

Que ces stipulations ont créé pour la Compagnie et pour le Gouvernement du Vice-Roi des engagements réciproques, de l'exécution desquels il ne leur a pas été permis de s'affranchir;

Que, notamment l'Article 2 du deuxième Firman, en laissant à la Compagnie la faculté d'exécuter les travaux dont elle est chargée, par elle-même ou par des entrepreneurs, exige que les quatre cinquièmes au moins des ouvriers employés à ces travaux soient Egyptiens;

Qu'au moment où cette condition a été imposée par le Vice-Roi, et acceptée par la Compagnie, il a nécessairement été entendu, par l'un et par l'autre, que les ouvriers Egyptiens nécessaires pour composer les quatre cinquièmes de ceux qui seraient employés aux travaux seraient mis, par le Vice-Roi, à la disposition de la Compagnie;

Que celle-ci n'aurait pas consenti à se soumettre à une semblable condition si, de son côté, le Vice-Roi no lui avait pas assuré les moyens de l'accomplir;

Que cette pensée, sous-entendue dans le second Firman de Concession, a été formellement exprimée dans l'Article 1 du Règlement du 20 Juillet, 1856, portant;

Les ouvriers qui seront employés aux travaux de la Compagnie seront fournis par le Gouvernement Egyptien, d'après les demandes des ingénieurs en chef et suivant les besoins;

Que cet Article a par lui-même un sens très-clair, que d'ailleurs, lorsqu'on le rapproche des stipulations des deux firmans, on aperçoit le lien étroit qui les unit, et l'on reconnaît que la disposition du règlement n'est que le corollaire de celles qui l'ont précédée; qu'elle a le même caractère, la même force obligatoire;

* *Rapport à l'Empereur.*

Sire,—Le Vice-Roi d'Egypte ayant écrit à votre Majesté pour lui demander de vouloir bien prononcer elle-même sur certaines questions encore pendantes entre le Gouvernement Egyptien et la Compagnie de l'Isthme de Suez, vous avez daigné répondre à Ismail Pacha que vous déféries à son désir.

Votre Majesté a, en même temps, exprimé la volonté de faire préalablement examiner ces questions par une Commission offrant toutes les garanties d'impartialité et de lumières. Afin de répondre à cet égard aux intentions de votre Majesté, et conformément à ses ordres, j'ai l'honneur de lui proposer, pour faire partie de cette Commission:—

M. Thouvenel, Sénateur, comme Président;
M. Mallet, Sénateur;
M. Suin, Sénateur;
M. Gouin, Député au Corps Législatif;
M. Duvergier, Conseiller d'Etat.

Si votre Majesté daigne agréer ces noms, je m'empresserai d'adresser une lettre d'avis aux personnes désignées et de mettre à leur disposition tous les documents qui pourraient être nécessaires.

Je suis, &c.

(Signé) DROUYN DE LHUYS.

Paris, le 3 *Mars*, 1864.

Approuvé, NAPOLEON.

Que toutes les autres parties du règlement sont en harmonie parfaite avec l'Article 1, et confirment l'interprétation qui vient de lui être donnée ;

Qu'en effet, immédiatement après la promesse du Gouvernement Egyptien de fournir les ouvriers, l'acte constate l'engagement corrélatif de la Compagnie de leur payer le prix de leur travail, de leur fournir les vivres nécessaires, de leur procurer des habitations convenables, d'entretenir un hôpital et des ambulances, de traiter les malades à ses frais, de payer également les frais de voyage, depuis le lieu du départ jusqu'à l'arrivée sur les chantiers ; enfin, de rembourser au Gouvernement Egyptien, au prix de revient, les couffes nécessaires pour le transport des terres et la poudre pour l'exploitation des carrières que celui-ci devait fournir ;

Que ces diverses obligations détaillées avec soin dans le Règlement n'étaient, pour la Compagnie, que la contre-partie de celles qu'avait prises le Gouvernement Egyptien, qu'ainsi elles présentaient dans leur ensemble les éléments d'un véritable contrat ;

Que l'intitulé de l'acte n'est point incompatible avec le caractère conventionnel qui lui est attribué par la nature des stipulations qu'il renferme ;

Qu'à la vérité, c'est du Vice-Roi seul que le Règlement est émané, mais que les deux firmans de concession ont été faits dans la même forme, et que cependant leur caractère contractuel n'a pas été et ne saurait être sérieusement contesté ;

Qu'enfin le Vice-Roi dit expressément dans le préambule de l'acte, que c'est de concert avec M. de Lesseps qu'il en a établi les dispositions ; que cette expression n'indique pas seulement qu'un avis a été demandé au directeur de la Compagnie ; qu'il exprime que le concours de sa volonté a paru nécessaire et a été obtenu ; qu'il est bien évident que, sans ce concours, il eût été impossible d'assujettir la Compagnie aux obligations multipliées qui lui ont été imposées et qu'elle a ensuite exécutées ;

Que, de ce qui précède, il résulte que le Règlement du 20 Juillet, 1856, notamment dans la disposition de l'Article 1, a les caractères et l'autorité d'un contrat ;

Considérant, sur la seconde question, que lorsque des Conventions ont été librement formées par le consentement de parties capables et éclairées, elles doivent être fidèlement exécutées ; que celles des Parties Contractantes qui refuse ou néglige d'accomplir ses engagements, est tenue de réparer le dommage qui résulte de son infraction à la loi qu'elle s'est volontairement imposée ; qu'en général, et sauf à tenir compte des circonstances et des motifs de l'infraction, la réparation consiste dans une indemnité représentant la perte qu'éprouve l'autre partie, et le bénéfice dont elle est privée ;

Que, sans méconnaître la force et la vérité de ces principes, on a fait remarquer, au nom du Gouvernement Egyptien, que par une réserve expresse insérée à la fin de chacun des firmans de concession, le commencement des travaux, c'est-à-dire l'exécution des Conventions, était subordonné à l'autorisation de la Sublime Porte, qu'en fait, cette autorisation n'ayant jamais été accordée l'inexécution des Conventions ne peut être légitimement reprochée au Vice-Roi d'Egypte, et ne saurait justifier une demande en dommages-intérêts dirigée contre lui ;

Qu'il est incontestable que la clause suspensive de l'exécution de la Convention aurait dû produire l'effet qui a été indiqué au nom du Vice-Roi si les choses étaient restées entières ; mais que les faits accomplis depuis la date des firmans, et auxquels le Vice-Roi a concouru, au moins avec autant d'activité et de détermination que la Compagnie, ont profondément modifié les situations respectives ;

Que la Compagnie s'est engagée dans l'exécution des travaux non-seulement avec l'assentiment du Vice-Roi, mais même en obéisant à l'impulsion qu'elle a reçue de lui ;

Qu'il serait souverainement injuste que les conséquences fâcheuses d'une résolution prise et suivie de concert fussent entièrement laissées à la charge de l'un des intéressés ;

Que d'ailleurs les stipulations qui ont réglé les rapports du Gouvernement Egyptien et de la Compagnie, considérées dans leur ensemble, constituent la concession d'un grand travail d'utilité publique, en vue duquel ont été accordés des avantages formant une subvention sans laquelle l'entreprise n'aurait pas eu lieu ;

Que, lorsque, par suite d'un événement que les deux Parties Contractantes ont dû prévoir, et dont elles ont, d'un commun accord, consenti à courir les chances, le Gouvernement se trouve hors d'état de procurer à la Compagnie les avantages qu'il lui avait assurés, et que celle-ci continue néanmoins les importants travaux

dont le pays tout entier doit profiter, il est juste que des indemnités représentatives des avantages inhérents à la Concession soient allouées par le Gouvernement Egyptien à la Compagnie ;

Que ces bases étant posées, pour parvenir à déterminer le montant de l'indemnité due en raison de la substitution des machines ou des ouvriers Européens aux ouvriers Egpytiens, il faut comparer la somme à laquelle se seraient élevées les dépenses des travaux s'ils avaient été exécutés par les ouvriers Egyptiens, aux conditions énoncées dans le Règlement du 20 Juillet, 1856, et la somme que coûteront les travaux qui devront être exécutés par les moyens que la Compagnie est désormais obligée d'employer ;

Que le cube des terrains à extraire peut être déterminé très-approximativement d'après la configuration des lieux, telle qu'elle est établie par les plans et d'après les dimensions qui ont été assignées au Canal ;

Que, déduction faite des travaux qui sont déjà exécutés, il reste 23,700,000 mètres cubes à extraire à sec, et 32,000,000 de mètres cubes à draguer ;

Que, d'un autre côté, le changement des moyens d'exécution aura pour résultat d'augmenter le prix du mètre à sec de 1 fr. 19 c. et celui du mètre cube à draguer de 15 c. ;

	Fr.	c.
Qu'en multipliant 23,700,000 mètres par 1 fr. 19 c. et 32,000,000 mètres par 15 c., on trouve que l'accroissement de la dépense, pour les travaux à sec, sera de	28,200,000	00
Et, pour les terrains à draguer, de	4,800,000	00
Ensemble	33,000,000	00

Que des calculs analogues, appliqués aux travaux d'art, démontrent que la Compagnie sera obligée de supporter de ce chef un surcroit de dépenses s'élevant à 5,000,000 fr. ;

Que c'est donc à une somme totale de 38,000,000 fr. que doit s'élever cette partie de l'indemnité ;

Que, dans le cours des débats, on a fait remarquer avec raison que la Compagnie n'était pas autorisée à prétendre que les salaires et le prix des denrées n'éprouveraient aucune augmentation pendant la durée des travaux, ou que du moins, d'après les termes du règlement, elle n'aurait pas à supporter les conséquences de la hausse qui pourrait survenir ;

Que, pour justifier une pareille prétention, il n'eût fallu rien moins qu'une stipulation formelle, et que le règlement ne la contient pas ;

Qu'en tenant compte de l'augmentation qui a déjà eu lieu, et en appréciant les éventualités de l'avenir, le prix de la journée qui, en moyenne, était, aux termes du règlement, de 86 c., doit être évalué à 1 fr. 5 c. ;

Mais que cette élévation du prix de la journée a été l'un des éléments des calculs qui ont fait adopter le chiffre de 38,000,000 fr. ; qu'ainsi cette fixation ne doit pas être modifiée ;

Qu'en second lieu, au nom du Gouvernement Egyptien, il a été allégué que, depuis le commencement des travaux, les salaires qui ont été payés aux ouvriers et les rations qui leur ont été fournies ne l'ont pas toujours été au taux déterminé par le règlement, et l'on a soutenu que la Compagnie doit imputer sur l'indemnité les sommes dont elle a pu profiter par l'effet de cette inexécution partielle de sa Convention, alors même qu'elle aurait été, comme tout port à le penser, le résultat d'une erreur ;

Que cette réclamation est bien fondée ; que la Compagnie ne peut demander, à titre d'indemnité, que ce qui sera effectivement déboursé par elle en excédant des prévisions qu'autorisait le Règlement du 20 Juillet, 1856 ; qu'en exigeant la réparation des pertes que peut lui causer l'inexécution du contrat de la part du Vice-Roi, elle doit tenir compte des avantages qui ont pu résulter pour elle des infractions qui lui sont personnelles ;

Qu'une somme de 4,500,000 fr. a été réellement payée en moins sur les salaires ou sur la fourniture des rations ; qu'elle doit être défalquée du montant de l'indemnité, qui se trouverait ainsi réduite à 33,500,000 fr. ;

Mais qu'une réclamation a été formée par la Compagnie ; qu'elle a demandé qu'une somme de 9,000,000 fr. lui fût allouée pour les intérêts d'une année des capitaux engagés dans l'opération, temps durant lequel ces travaux seront prolongés ;

Que cette demande devrait être accueillie en entier, si la prolongation de la

durée des travaux pouvait être imputée au Gouvernement Egyptien; mais qu'en réalité, les conditions imposées par la Sublime Porte sont un fait indépendant de la volonté du Vice-Roi; que c'est par un événement de force majeure que les travaux auront une durée plus longue que celle qui leur avait été assignée; que dès lors, soit en raison même de la nature de l'événement, soit en raison des rapports qui continuent à subsister entre le Vice-Roi et la Compagnie, il est équitable qu'ils supportent par moitié la somme de 9,000,000 fr., c'est-à-dire, 4,500,000 fr. chacun;

	Fr.	c.
Que cette somme de	4,500,000	00
Ajoutée à celle de	33,500,000	00
Porte l'indemnité, pour l'objet spécial qui vient d'être examiné, à ..	38,000,000	00

Considérant, sur la troisième question, que les Firmans du 30 Novembre, 1854, et 5 Janvier, 1856, en faisant à la Compagnie la concession du canal d'eau douce, lui assuraient des avantages et lui donnaient des garanties qui ont dû être considérées par elle comme essentielles pour le succès de son entreprise;

Que, dans l'origine et aux termes de firmans, le canal d'eau douce devait prendre naissance à proximité de la ville du Caire, joindre le Nil au Canal Maritime et s'étendre par des branches d'alimentation, d'irrigation et même de navigation dans les deux directions de Péluse et de Suez; mais que, par une Convention, en date du 18 Mars, 1863, les conditions de la concession ont été gravement modifiées; que, notamment, la Compagnie a renoncé au droit qui lui avait été conféré d'exécuter par elle-même la portion du canal entre le Caire et le canal du Ouady déjà ouvert à la navigation;

Que, d'ailleurs, la Sublime Porte a prétendu que la rétrocession du canal d'eau douce était la conséquence nécessaire de la rétrocession des terrains;

Que, dans cette situation, il convient, tout en reconnaissant les droits des parties, de chercher à concilier leurs intérêts;

Que la concession du canal d'eau douce, au moment où elle a été faite, offrait à la Compagnie un triple avantage: elle lui assurait la libre disposition de l'eau nécessaire à la mise en mouvement des machines employées au creusement du canal maritime et à l'alimentation des ouvriers; elle devait lui fournir le moyen d'arroser les terres qui lui étaient concédées; et, enfin, elle devait lui procurer les bénéfices résultant des droits à établir sur la navigation et d'autres taxes de même nature;

Que le maintien de la concession, dans toute son étendue et avec toutes ses conséquences, ne pourrait être utilement accordé à la Compagnie qu'autant que la Sublime Porte consentirait à donner son approbation;

Que ce qui, dans la situation où est placée aujourd'hui la Compagnie, a pour elle un intérêt capital, c'est que le canal soit terminé promptement et dans des conditions telles qu'il fournisse toujours toute l'eau nécessaire à l'exécution des travaux et à l'alimentation des ouvriers;

Que, pour atteindre ce but, il n'est pas absolument indispensable que la concession soit maintenu dans les termes et pour la durée qui avaient été fixés par les firmans; qu'il suffit de confier à la Compagnie l'achèvement du canal et de lui en laisser la jouissance et l'entretien;

Que, dans ce nouvel état de choses, les travaux que la Compagnie a déjà faits et ceux qu'elle aura encore à exécuter pour l'achèvement du canal, seront à la charge du Gouvernement Egyptien;

Que, par conséquent, celui-ci devra rembourser le prix des uns et des autres, en outre de payer les frais d'entretien;

Que, satisfaction étant ainsi donnée à ce premier intérêt, il ne restera plus qu'à régler les indemnités qui peuvent être dues en raison de la privation des autres avantages que la concession devait produire pour la Compagnie;

Qu'avant de s'occuper de cette fixation, il convient de déterminer les sommes dont la Compagnie est dès aujourd'hui créancière pour les travaux faits, et celles qu'elle aura à réclamer ultérieurement pour les travaux qui restent à faire;

Qu'il résulte des documents produits par les parties et des explications qu'elles ont données contradictoirement, que la dépense des ouvrages déjà exécutés s'élève à 7,500,000 fr.;

Que, dans cette somme, est comprise celle de 3,750,000 fr. représentant:—(1) La portion des frais généraux de l'entreprise qui doit être supportée par les travaux du canal d'eau douce, et (2) l'intérêt des capitaux engagés dans l'opération pendant le temps durant lequel les travaux seront prolongés;

Que ces deux causes réunies justifient la demande formée par la Compagnie de la somme susénoncée de 3,750,000 fr. ;

Que, pour les travaux qui ne sont pas terminés, la dépense s'élèvera à la somme de 2,500,000 fr., qui, réunie à celle de 7,500,000 fr., donnera un total de 10,000,000 fr. ;

Que les droits de navigation et les péages de différente nature, dont la jouissance était assurée à la Compagnie par les firmans de concession, et dont elle se trouvera dépouillée, doivent être évalués, afin que l'indemnité due de ce chef soit également allouée ;

Que, déduction faite des frais d'entretien, charge naturelle de la jouissance du canal, la valeur de cette jouissance doit être fixée à 6,000,000 fr. ;

Considérant, sur la quatrième question, que la Compagnie en cessant d'être concessionnaire du canal d'eau douce doit, ainsi qu'il vient d'être dit, rester chargée de son achèvement et de son entretien ; qu'en conséquence, il est nécessaire de déterminer pour le canal d'eau douce, comme pour le Canal Maritime, l'étendue de terrain qu'exigent l'établissement et exploitation ; que les termes même du compromis indiquent clairement dans quel esprit doit être examinée cette question ;

Qu'il y est dit, en effet, que l'étendue des terrains devra être fixée dans des conditions propres à assurer la prospérité de l'entreprise ;

Qu'elle ne doit pas être restreinte à l'espace qui sera matériellement occupé par les canaux même, par leurs francs-bords et par les chemins de halage ;

Que, pour donner aux besoins de l'exploitation une entière et complète satisfaction, il faut que la Compagnie puisse établir, à proximité des canaux, des dépôts, des magasins, des ateliers, des ports dans les lieux où leur utilité sera reconnue, et, enfin, des habitations convenable pour les gardiens, les surveillants, les ouvriers chargés des travaux d'entretien et pour tous les préposés à l'administration.

Qu'il est, en outre, convenable d'accorder comme accessoires des habitations, des terrains qui puissent être cultivés en jardins et fournir des approvisionnements dans des lieux privés de toutes ressources de ce genre ;

Qu'enfin il est indispensable que la Compagnie puissent disposer de terrains suffisants pour y faire les plantations et les travaux destinés à protéger les canaux contre l'invasion des sables et à assurer leur conservation ;

Mais qu'il ne doit rien être alloué au delà de ce qui est nécessaire pour pourvoir amplement aux divers services qui viennent d'être indiqués ; que la Compagnie ne peut avoir la prétention d'obtenir, dans des vues de spéculation, une étendue quelconque de terrains soit pour les livrer à la culture, soit pour y élever des constructions, soit pour les céder lorsque la population aura augmenté ;

Que c'est en se renfermant dans ces limites qu'a dû être déterminé, sur tout le parcours des canaux, le périmètre des terrains dont la jouissance, pendant la durée de la concession, est nécessaire à leur établissement, à leur exploitation et à leur conservation.

Considérant, sur la cinquième question, que la rétrocession des terrains concédés à la Compagnie n'a pu être consentie qu'avec l'intention réciproque d'obtenir et d'accorder une indemnité ;

Que la Compagnie n'a dû renoncer aux avantages de la concession qu'en comptant sur la compensation de ces avantages, et que le Gouvernement Egyptien n'a pu avoir la pensée de profiter de la valeur qu'auront les terrains, lorsqu'ils seront fécondés par l'irrigation, sans en donner l'équivalent ;

Qu'il ne faut pas perdre de vue que la concession des terrains était une des conditions essentielles de l'entreprise, une partie importante de la rémunération des travaux :

Que, par conséquent, la Compagnie, en y renonçant, a droit d'en exiger la représentation ;

Que, soit que l'on consulte les termes des Firmans, soit que l'on s'attache aux diverses publications qui ont été faites pendant le cours des travaux, on est conduit à reconnaître que le Gouvernement Egyptien n'a point entendu concéder, et que la Compagnie n'a pas eu la pensée d'acquérir une étendue illimitée de terrains ;

Que la commune intention, clairement manifestée, a été de borner l'étendue de la concession aux terrains à l'irrigation desquels pourrait pourvoir l'eau prise dans le canal d'eau douce ;

Qu'il est dès lors facile d'en fixer, avec certitude, le périmètre ;

Qu'en effet, d'une part, on connaît le volume d'eau que le canal peut, en raison de ses dimensions et les besoins de la navigation satisfaits, fournir pour l'irrigation des terres ;

Que, d'autre part, on sait la quantité d'eau qui est nécessaire pour l'irrigation de chaque hectare ;

Que, d'après ces données, la concession doit comprendre 63,000 hectares, sur lesquels doivent être déduits, 3,000 hectares qui font partie des emplacements affectés aux besoins de l'exploitation du canal maritime ;

Que cette fixation est en harmonie avec celle qui avait été arrêtée entre les représentants de la Compagnie et ceux du Vice-Roi, dans les cartes cadastrales dressées en exécution de l'Article 8 du Firman du 30 Novembre, 1854, et de l'Article 11 du Firman du 5 Janvier, 1856 ; que si ces cartes ont plus tard, en 1858, été anéanties d'un commun accord, la difficulté qui a déterminé à les annuler ne portait point sur l'étendue des terrains qui devaient être compris dans la concession comme susceptibles d'être arrosés ;

Que l'estimation des 60,000 hectares qui sont, en définitive, rétrocédés au Gouvernement Egyptien, présente sans doute de sérieuses difficultés, puisque ce n'est point d'après leur état actuel que les terrains doivent être appréciés ; et qu'en recherchant quelle sera leur valeur dans l'avenir, on se trouve en présence de chances fort diverses et de nombreuses éventualités ; que, cependant, il y existe certains éléments de calcul auxquels on peut accorder une grande confiance ; que notamment, la quotité de l'impôt des terres cultivées peut servir à déterminer le revenu, lequel, capitalisé comme il doit l'être, eu égard à la situation économique et financière de l'Egypte, indique la valeur vénale de la terre ;

Qu'en calculant d'après ces données, le prix de l'hectare doit être fixé à 500 fr. ;

Que si cette évaluation a été contestée, elle n'a point cependant paru aux parties intéressées elles-memes s'éloigner beaucoup de la vérité ;

Qu'elle n'a d'ailleurs été adoptée qu'après avoir pris en sérieuse considération, d'une part, les sommes qui devront être dépensées pour la mise en valeur des terres et, de l'autre, l'augmentation de prix que doit produire l'exploitation du canal maritime, et en outre, celle qui peut résulter de l'introduction de nouvelles cultures ;

Qu'en résumé, l'indemnité due par le Gouvernement Egyptien, par suite de la rétrocession des terrains, s'élève à la somme de 30,000,000 francs.

Considérant, qu'après avoir apprécié les divers éléments dont doit se composer l'indemnité il n'est pas possible de les assimiler en ce qui touche les époques d'exigibilité ;

Que les uns représentent des sommes déjà dépensées, les autres des avances qui doivent être faites à des époques assez rapprochées, et que certaines allocations qu'il a été juste d'accorder à la Compagnie sont pour elle la compensation d'avantages ou de bénéfices qui ne devaient se réaliser que dans un avenir éloigné et qui étaient subordonnés à l'exécution de travaux dispendieux ;

Que, par exemple, dans la première catégorie est compris la somme de 7,500,000 fr., qui a été dépensée pour la partie du canal d'eau douce qui est déjà exécutée ;

Que, dans la dernière, au contraire, doivent évidemment figurer les 30,000,000 représentant la valeur d'avenir des terrains rétrocédés ;

Que c'est en tenant compte de ces différences qu'ont été fixées la quotité et l'échéance des annuités qui, réunies, composent l'indemnité totale de 84,000,000 fr. mise à la charge du Gouvernement Egyptien.

Par ces motifs, nous avons décidé et décidons ce qui suit :—

Sur la première question.

Le Règlement du 20 Juillet, 1856, a les caractères d'un contrat ; il contient des engagements réciproques qui devaient être exécutés par le Vice-Roi et par la Compagnie.

Sur la seconde question.

L'indemnité à laquelle donne lieu l'annulation du Règlement du 20 Juillet, 1856, est fixé à 38,000,000 de francs.

Sur la troisième question.

La rétrocession du canal d'eau douce est faite dans les termes et avec les garanties ci-après :—

1. La partie du Canal comprise entre le Ouady, Timsah et Suez est rétrocédée, comme la première partie, au Gouvernement Egyptien ; mais la jouissance exclusive en sera laissée à la Compagnie jusqu'à l'entier achèvement du Canal Maritime,

sans qu'il puisse être pratiqué aucune prise d'eau sans le consentement de la Compagnie.

2. Le Gouvernement Egyptien maintiendra l'alimentation de ce Canal par celui de Zagazig ; il exécutera, en outre, les travaux de la partie qui lui a déjà été rétrocédée, conformément à la Convention du 18 Mars, 1863, et mettra cette première section en communication avec la seconde au point de jonction du Ouady, pour assurer en tout temps son alimentation.

3. La Compagnie sera tenue de terminer les travaux restant à faire pour mettre le Canal du Ouady à Suez dans toutes les dimensions convenues, et en état de réception.

4. Pendant toute la durée de la concession du Canal Maritime, la Compagnie sera chargée d'entretenir le canal d'eau douce en parfait état, depuis le Ouady jusqu'à Suez ; mais l'entretien sera aux frais du Gouvernement Egyptien, qui devra indemniser la Compagnie au moyen d'un abonnement annuel de 300,000 fr., si mieux il n'aime payer les frais d'entretien sur mémoires ; il sera tenu de faire connaître son option à la Compagnie dans l'année qui commencera à courir du jour de la livraison du Canal. La Compagnie devra garnir les digues de plantations pour prévenir les éboulements et l'effet de la mobilité des sables.

L'abonnement de 300,000 fr. recevra son application aux fur et à mesure de l'avancement des travaux et au *pro rata* de la longueur de chacune des parties achevées ; il sera revisé tous les six ans.

5. La hauteur des eaux sera maintenue dans le Canal :—

	Mètres.
Dans les hautes eaux du Nil	2 50
A l'étiage moyen, à	2 50
Au plus bas étiage, au minimum de	4 50

6. La Compagnie prélèvera sur le débit du Canal 70,000 mètres cubes d'eau par jour, pour l'alimentation des populations établies sur le parcours des canaux, l'arrosage des jardins, le fonctionnement des machines destinées à l'entretien des canaux et de celles des établissements industriels se rattachant à leur exploitation, l'irrigation des semis et plantations pratiqués sur les dunes et autres terrains non naturellement irrigables compris dans les zones réservées le long des canaux ; enfin l'approvisionnement des navires traversant le Canal Maritime ;

La Compagnie aura la servitude de passage sur les terrains que devront traverser les rigoles et conduits d'eau nécessaires au prélèvement des 70,000 mètres.

7. A partir de l'entier achèvement du Canal Maritime, la Compagnie n'aura plus sur le canal d'eau douce que la jouissance appartenant aux sujets Egyptiens, sans toutefois que jamais les barques et bâtiments puissent être soumis à aucun droit le navigation ; l'alimentation d'eau douce, en ligne directe, à Port Saïd, sera toujours amenée par les moyens que la Compagnie jugera convenable d'employer à ses frais ;

8. La Compagnie cesse d'avoir les droits de cession de prises d'eau, de navigation, de pilotage, remorquage, balage, ou stationnement à elles accordés sur le canal d'eau douce par les Articles 8 et 17 de l'Acte de Concession du 5 Janvier, 1856 ;

9. En dehors des écluses en construction à Ismaïlia et à Suez, et des trois autres écluses sur la dérivation de Suez, il ne pourra être établi aucun ouvrage fixe ou mobile sur le canal d'eau douce et ses dépendances que d'un commun accord entre le Gouvernement Egyptien et la Compagnie ;

10. Le Gouvernement Egyptien payera à la Compagnie une somme de 10,000,000 fr., savoir : 7,500,000 fr. pour les travaux exécutés, la portion des frais généraux et les intérêts des avances, et 2,500,000 fr. pour les travaux qui restent à exécuter ;

11. Le Gouvernement Egyptien payera à la Compagnie une somme de 6,000,000 fr. en compensation des droits de navigation et autres redevances dont la Compagnie est privée.

Sur la quatrième question.

Le périmètre des terrains nécessaires à l'établissement, l'exploitation et la conservation du canal d'eau douce et du canal maritime, est fixé à 10,264 hectares pour le canal maritime, et à 9,600 hectares pour le canal d'eau douce, lesquels sont répartis ainsi qu'il suit :

CANAL MARITIME.

No.		Afrique.	Asie.
		Hectares.	Hectares.
1	Port Saïd	400	..
2	De Port Saïd à El-Ferdane	1,152	1,152
3	Raz-el-Eche	30	30
4	Kantara	100	100
5	D'El Ferdane à Timsah	1,350	270
6	Canal de jonction avec le canal d'eau douce	200	..
7	Ville d'Ismaïlia	450	..
8	Port d'Ismaïlia dans le Lac Timsah, canal en Asie	450	120
9	Du Lac Timsah aux Lacs Amers	850	340
10	Traversée des Lacs Amers	700	700
11	Des Lacs Amers aux lagunes de Suez	1,000	400
12	Traversée des lagunes de Suez	60	60
13	Chenal du Port de Suez	150	200
	Totaux	6,892	3,372

CANAL D'EAU DOUCE.

No.		Nord.	Sud.
		Hectares.	Hectares.
1	De l'extrémité du Canal à construire par le Gouvernement Egyptien jusqu'à Raz-el-Ouady	500	
2	Du Raz-el-Ouady à l'extrémité du Lac Maxamah	200	3,000
3	Du Lac Maxamah à Néfiché	420	2,100
4	De Néfiché à Ismaïlia..	300	..
	Totaux	1,420	5,100

SUITE DU CANAL D'EAU DOUCE.

No.		Est.	Ouest.
		Hectares.	Hectares.
5	De Néfiché aux Lacs Amers	..	2,500
6 et 7	Contours des Lacs Amers	300	200
8	Gare de Suez	30	50
	Totaux	330	2,750

Sur la cinquième question.

L'indemnité due à la compagnie à raison de la rétrocession de terrains est fixée à 30,000,000 fr.

Résumé.

L'indemnité totale due à la compagnie et s'élevant à la somme de 84,000,000 fr. lui sera payée par le Gouvernement Egyptien par annuités, ainsi qu'il suit :

La première somme allouée de 38,000,000 fr. sera payée en 6 annuités divisibles par semestres. Les huit premiers semestres seront de 3,250,000 fr. chacun, et les quatre derniers de 3,000,000 fr. chacun. Le premier semestre sera exigible le 1er Novembre, 1864, et les payements continueront, de semestre en semestre, jusqu'à l'entière libération de la somme de 38,000,000 fr.

La somme de 30,000,000 fr. allouée pour l'indemnité des terrains rétrocédés sera divisée en 10 annuités de 3,000,000 fr. chacune. La première annuité sera exigible seulement après l'entière libération de la somme de 38,000,000 fr. ci-dessus, c'est-à-dire, le 1er Novembre, 1870, et les payements continueront, d'année en année, jusqu'à l'entière libération de la somme de 30,000,000 fr.

La somme de 6,000,000 fr., allouée pour l'indemnité des droits sur le canal d'eau douce, sera divisée en 10 annuités de 600,000 fr. chacune, payables aux mêmes échéances que les annuités ci-dessus fixées pour l'indemnité des 30,000,000 fr.

Enfin, la somme de 10,000,000 fr., allouée pour les travaux exécutés et à exécuter au canal d'eau douce, sera payée dans l'années de la livraison du dit canal.

Le tout conformément au tableau ci-après :

	Indemnités.				
	38 millions. Indemnité pour la Substitution des Machines et des Ouvriers Européens aux Ouvriers Egyptiens.	30 millions. Indemnité pour Rétrocession des Terrains.	6 millions. Indemnité pour les Droits à percevoir sur le Canal d'Eau Douce.	10 millions. Remboursement des Sommes dépensées pour les Travaux faits ou à faire au Canal d'Eau Douce.	Total, 84 millions. Echéances.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.	
1re année ..	6,500,000 00	..	..	..	1er Novembre, 1864. 1er Mai, 1865.
2e „ ..	6,500,000 00	..	..	..	1er Novembre, 1865. 1er Mai, 1866.
3e „ ..	6,500,000 00	..	..	..	1er Novembre, 1866. 1er Mai, 1867.
4e „ ..	6,500,000 00	..	..	..	1er Novembre, 1867. 1er Mai, 1868.
5e „ ..	6,000,000 00	..	..	..	1er Novembre, 1868. 1er Mai, 1869.
6e „ ..	6,000,000 00	..	..	..	1er Novembre, 1869. 1er Mai, 1870.
7e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1870.
8e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1871.
9e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1872.
10e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1873.
11e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1874.
12e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1875.
13e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1876.
14e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1877.
15e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1878.
16e „ ..	..	3,000,000 00	600,000 00	..	1er Novembre, 1879.
	38,000,000 00	30,000,000 00	6,000,000 00	..	
A ajouter ..	..	..	..	10,000,000 00	Dans l'année de la livraison du Canal.
Total général ..	84,0000,00 00				

Fait à Fontainebleau, le 6 *Juillet,* 1864.

(Signé) NAPOLEON.

No. 10.

Convention entre le Vice-Roi d'Egypte et la Compagnie du Canal Maritime de Suez.— Signée au Caire, le 30 *Janvier,* 1866.

ENTRE son Excellence Nubar Pacha, Ministre des Affaires Etrangères, agissant au nom et en délégation de son Altesse le Vice-Roi d'Egypte, d'une part; et M. Ferdinand de Lesseps, Président-Fondateur de la Compagnie de Suez, agissant au nom et en délégation du Conseil d'Administration de la dite compagnie, d'autre part;

A été convenu ce qui suit:

Article 1. Le Gouvernement Egyptien occupera, dans le périmètre des terrains réservés comme dépendances du canal maritime, toute position ou tout point stratégique qu'il jugera nécessaire à la défense du pays; cette occupation ne devra pas faire obstacle à la navigation et respectera les servitudes attachées aux francs-bords du canal.

Art. 2. Le Gouvernement Egyptien, sous les mêmes réserves, pourra également occuper, pour ses services administratifs (postes, douanes, casernes, &c.), tout emplacement disponible qu'il jugera convenable, en tenant compte des nécessités de l'exploitation des services de la Compagnie.

Le Gouvernement remboursera, quand il y aura lieu, à la Compagnie, les sommes que celle-ci aura dépensées pour créer ou approprier les terrains dont il voudra disposer.

Art. 3. Dans l'intérêt du commerce, de l'industrie ou de la prospère exploitation du Canal, tout particulier aura la faculté, moyennant l'autorisation préalable du

Gouvernement et en se soumettant aux règlements administratifs ou municipaux de l'autorité locale, ainsi qu'aux lois usages et impôts du pays, de s'établir soit le long du Canal Maritime, soit dans les villes élevées sur son parcours ; réserve faite des francs-bords, berges et chemins de halage, ces derniers devant rester ouverts à la libre circulation sous l'empire des règlements qui en détermineront l'usage.

Ces établissements ne pourront du reste avoir lieu que sur les emplacements que les ingénieurs de la Compagnie reconnaîtront n'être pas nécessaires aux services de l'exploitation et à charge par les bénéficiaires de rembourser à la Compagnie les sommes dépensées par elle pour la création ou l'appropriation des dits emplacements.

Art. 4. Le Gouvernement Egyptien prendra possession du Canal d'eau douce, des travaux d'art et des terrains qui en dépendent, aussitôt que la Compagnie se croira en mesure de livrer le dit Canal dans les conditions antérieurement stipulées.

Cette livraison, qui impliquera réception de la part du Gouvernement Egyptien, sera opérée contradictoirement entre les ingénieurs du Gouvernement et ceux de la Compagnie et constatée dans un procès-verbal relatant en détail les points par lesquels l'état du Canal s'écartera des conditions qu'il devait réaliser.

Le Gouvernement Egyptien demeurera, à partir de ce moment, chargé de l'entretien du dit Canal, soit :—

1. De faire, dans le délai possible, toutes plantations, cultures et travaux de défense nécessaires pour empêcher la dégradation des berges et l'envahissement des sables ;

2. D'assurer, en toutes saisons, la navigation en maintenant dans le Canal un tirant d'eau de 2 mètres 50 centimètres dans les hautes eaux du Nil, de 2 mètres dans la saison des eaux moyennes et de 1 mètre au minimum, dans les basses eaux ;

3. De fournir, en outre, à la Compagnie un volume de 70,000 mètres cubes d'eau par jour pour l'alimentation des populations établies sur le parcours du Canal, l'arrosage des jardins, le fonctionnement des machines destinées à l'entretien du Canal et à celles des établissements industriels nécessaires à son exploitation, à l'irrigation des semis et plantations pratiqués sur les dunes et autres terrains non naturellement irrigables compris dans les dépendances du Canal, enfin, l'approvisionnement des navires qui passeront par le dit Canal ;

4. De faire enfin tous curages et travaux nécessaires pour entretenir le Canal d'eau douce et ses ouvrages d'art en parfait état.

Le Gouvernement Egyptien sera, de ce chef, substitué à la Compagnie en toutes les charges et obligations qui résulteraient pour elle d'un entretien insuffisant, étant tenu compte de l'état dans lequel le Canal aura été livré et du délai nécessaire aux travaux que cet état aura pu exiger.

Aussitôt après la livraison du Canal, le Gouvernement Egyptien en aura la jouissance et disposera de la faculté d'y établir des prises d'eau ; la Compagnie, de son côté, aura, pendant la durée des travaux de construction du Canal Maritime et au besoin jusqu'à la fin de 1869, la faculté d'établir sur le canal d'eau douce des services de remorqueurs à hélice ou de toueurs pour les besoins de ses transports et de ceux de ses entrepreneurs, et l'exploitation exclusive du transit des marchandises de Port Saïd à Suez, et *vice versâ*.

Après 1869, la Compagnie rentrera dans le droit commun pour l'usage du canal d'eau douce aux conditions antérieurement convenues.

Les bâtiments construits par la Compagnie pour ses services sur le parcours du Canal d'eau douce de Zagazig à Suez seront cédés au Gouvernement Egyptien au prix de revient. Ceux de ces bâtiments et dépendances qui seront nécessaires à la Compagnie pendant la période ci-dessus indiquée lui seront loués par le Gouvernement au taux de 5 pour cent l'an du capital remboursé.

Art. 6. La Compagnie vend au Gouvernement Egyptien la propriété de Ouady telle qu'elle existe actuellement, avec ses bâtiments et dépendances, au prix de 10,000,000 fr.

Art. 7. Si le canal d'eau douce est remis par la Compagnie au Gouvernement Egyptien dans le courant de la présente année, les sommes dues par le Gouvernement Egyptien, tant de ce chef, que pour l'acquisition du domaine du Ouady, ensemble 20,000,000 fr., seront payées à la Compagnie à dater du 1 Juillet jusqu'au 1 Décembre, 1866, en six payements égaux et mensuels de 3,333,333 fr. 33 c., opérés le 1 de chaque mois.

Au cas ou l'appel de fonds restant à faire sur les actions serait rendu exigible

par la Compagnie, dans le courant de la présente année, le montant des sommes dues de ce chef par le Gouvernement Egyptien, soit environ et sauf compte à faire 17,500,000 fr., sera payé à la Compagnie à dater du 1 Janvier jusqu'au 1 Décembre, 1867, en douze payements égaux et mensuels de 1,458,333 fr., environ opérés le 1 de chaque mois.

Les sommes formant le solde de l'indemnité consentie par le Gouvernement Egyptien en faveur de la Compagnie, exigibles postérieurement au 1 Novembre, 1866, soit ensemble 57,750,000 fr., seront payées à la Compagnie à dater du 1 Janvier, 1867, jusqu'au 1 Décembre, 1869, en trent-six payements égaux et mensuels de 1,604,166 fr. opérés le 1 de chaque mois.

Tous les payements seront faits à la Compagnie en francs effectifs.

Fait en double expédition, au Caire, le 30 Janvier, 1866.

(L.S.) FERD. DE LESSEPS.
(L.S.) NUBAR-PASHA.

No. 11.

*Convention entre le Vice-Roi d'Egypte et la Compagnie Universelle du Canal Maritime de Suez.—Signé au Caire, le 22 Février, 1866.**

ENTRE Son Altesse Ismail-Pacha, Vice-Roi d'Egypte, d'une part; et la Compagnie Universelle du Canal Maritime de Suez, représentée par M. Ferdinand de Lesseps, son Président-Fondateur, autorisé à cet effet par les assemblées générales des actionnaires des 1 Mars et 6 Août, 1864, et par décision spéciale du Conseil d'Administration de la dite Compagnie, en date du 13 Septembre, 1864, d'autre part; a été exposé et stipulé ce qui suit:

Un premier Acte de Concession provisoire, en date du 30 Novembre, 1854,† a autorisé M. de Lesseps à former une Compagnie Financière pour l'exécution du Canal Maritime de Suez.

Un second Acte de Concession provisoire, en date du 5 Janvier, 1856,‡ a déterminé le Cahier des Charges pour procéder à la formation de la Compagnie Financière chargée d'exécuter les travaux du Canal, et a donné l'autorisation d'exécuter les travaux du percement de l'isthme dès que la ratification de la Sublime Porte serait obtenue. A cet acte étaient annexés les Statuts de la Compagnie Universelle, revêtus de l'approbation du Vice-Roi.

Un décret-règlement, en date du 20 Juillet, 1856,§ a déterminé l'emploi des ouvriers fellahs aux travaux du Canal de Suez.

Une Convention intervenue entre le Vice-Roi et la Compagnie, le 18 Mars, 1863,‖ a rétrocédé au Gouvernement Egyptien la première section du Canal d'eau douce, entre le Caire et le Ouady.

Une autre Convention, datée du 20 Mars, 1863,¶ a réglé la participation financière du Gouvernement Egyptien dans l'entreprise.

Enfin, une dernière Convention, en date du 30 Janvier, 1866,** a réglé:

1. L'usage des terrains réservés à la Compagnie comme dépendances du Canal Maritime;

2. La cession du Canal d'eau douce, des terrains, ouvrages d'art et constructions en dépendant, et la reprise par le Gouvernement de l'entretien du dit Canal;

3. La vente du domaine du Ouady, au prix de 10,000,000 fr.;

4. Les échéances des termes fixés pour le payement des sommes dues à la Compagnie.

La Sublime Porte, sollicitée, conformément à l'Acte de Concession du 5 Janvier, 1856, de donner sa ratification à la Concession de l'entreprise du Canal, a formulé, par une note en date du 6 Avril, 1863, les conditions auxquelles cette ratification était subordonnée.

Pour donner pleine satisfaction à cet égard à la Sublime Porte, il s'est établi entre le Vice-Roi et la Compagnie une entente qu'ils ont consacrée et formulée dans la Convention dont les clauses et stipulations suivent:

Article 1. Est et demeure abrogé, dans son entier, le Règlement en date du 20 Juillet, 1856, relatif à l'emploi des fellahs aux travaux du Canal de Suez.

Est, en conséquence, déclarée nulle et caduque la disposition de l'Article 2 de

* Sanctioned by Imperial Firman of 19th March, 1866.

† No. 1. ‡ No. 3. § No. 5.
‖ No. 7 ¶ No. 8. ** No. 10.

l'Acte de Concession du 5 Janvier, 1856, ainsi conçue : "Dans tous les cas, les quatre-cinquièmes au moins des ouvriers employés aux travaux seront Egyptiens."

Le Gouvernement Egyptien payera à la Compagnie, à titre d'indemnité et en raison de l'annulation du Règlement du 20 Juillet, 1856, et des avantages qu'il comportait, une somme de 38,000,000 de francs.

La Compagnie se procurera désormais, suivant le droit commun, sans priviléges comme sans entraves, les ouvriers nécessaires aux travaux de l'entreprise.

Art. 2. La Compagnie renonce au bénéfice des Articles 7 et 8 de l'Acte de Concession du 30 Novembre, 1854, et des Articles 10, 11, et 12, de celui du 5 Janvier, 1856.

L'étendue des terrains susceptibles d'irrigation concédés à la Compagnie par ces mêmes Actes de 1854 et 1856 et rétrocédés au Gouvernement, a été reconnue et fixée d'un commun accord à 63,000 hectares, sur lesquels doivent être déduits 3,000 hectares qui font partie des emplacements affectés aux besoins du Canal Maritime.

Art. 3. Les Articles 7 et 8 de l'Acte de Concession de 1854, et les Articles 10, 11, et 12 de celui de 1856, demeurant abrogés, comme il est dit dans l'Article 2, l'indemnité due à la Compagnie par le Gouvernement Egyptien, par suite de la rétrocession des terrains, s'élève à la somme de 30,000,000 de francs, le prix de l'hectare étant fixé à 500 francs.

Art. 4. Considérant qu'il est nécessaire de déterminer, pour le Canal Maritime, l'étendue des terrains qu'exigent son établissement et son exploitation, dans des conditions propres à assurer la prospérité de l'entreprise ; que cette étendue ne doit pas être restreinte à l'espace qui sera matériellement occupé par le Canal même, par ses francs-bords et par les chemins de halage ; considérant que pour donner aux besoins de l'exploitation une entière et complète satisfaction, il faut que la Compagnie puisse établir, à proximité du Canal Maritime, des dépôts, de magasins, des ateliers, des ports dans les lieux où leur utilité sera reconnue, et enfin des habitations convenables pour les gardiens, surveillants, les ouvriers chargés des travaux d'entretien et pour tous les préposés de l'administration ; qu'il est, en outre, convenable d'accorder, comme accessoires des habitations, des terrains qui puissent être cultivés en jardins et fournir quelques approvisionnements dans des lieux privés de toute ressource de ce genre ; qu'enfin il est indispensable que la Compagnie puisse disposer de terrains suffisants pour y faire les plantations et les travaux destinés à protéger le Canal Maritime contre l'invasion des sables et assurer sa conservation ; mais qu'il ne doit rien être alloué au delà de ce qui est nécessaire pour pourvoir amplement aux divers services qui viennent d'être indiqués ; que la Compagnie ne peut avoir la prétention d'obtenir, dans des vues de spéculation, une étendue quelconque de terrains, soit pour les livrer à la culture, soit pour y élever des constructions, soit pour les céder lorsque la population aura augmenté ;

Les deux parties intéressées se renfermant dans ces limites pour déterminer, sur tout le parcours du Canal Maritime, le périmètre des terrains dont la jouissance, pendant la durée de la Concession, est nécessaire à l'établissement, à l'exploitation la conservation de ce Canal ;

Sont, d'un commun accord, convenues que la quantité de terrains nécessaires à l'établissement, l'exploitation et la conservation du dit Canal, est fixée, conformément aux plans et tableaux dressés, arrêtés, signés, et annexés à cet effet aux présentes.*

Art. 5. La Compagnie rétrocède au Gouvernement Egyptien la seconde partie du canal d'eau douce située entre le Ouady, Ismaïlia et Suez, ainsi qu'elle lui avait déjà rétrocédé la première partie du Canal située entre le Caire et le domaine du Ouady, par la Convention du 18 Mars, 1863.

La rétrocession de cette seconde partie du canal d'eau douce est faite dans les termes et sous les conditions qui suivent :

1. La Compagnie est tenue de terminer les travaux restant à faire pour mettre le Canal du Ouady, Ismaïlia et Suez dans les dimensions convenues et en état de réception.

2. Le Gouvernement Egyptien prendra possession du canal d'eau douce, des travaux d'art et des terrains qui en dépendent, aussitôt que la Compagnie se croira en mesure de livrer le dit Canal dans les conditions ci-dessus indiquées. Cette livraison, qui impliquera réception de la part du Gouvernement Egyptien, sera opérée contradictoirement entre les ingénieurs du Gouvernement et ceux de la Compagnie, et constatée dans un procès-verbal relatant en détail les points par lesquels l'état du Canal s'écartera des conditions qu'il devait réaliser ;

* See No. 13.

3. Le Gouvernement Egyptien demeurera, à partir de la livraison, chargé de l'entretien du dit Canal, soit :

1. De faire dans le délai possible toutes plantations, cultures, et travaux de défense nécessaires pour empêcher la dégradation des berges et l'envahissement des sables, et de maintenir l'alimentation du Canal par celui de Zagazig, jusqu'à ce que cette alimentation soit assurée directement par la prise d'eau du Caire ;

2. D'exécuter les travaux de la partie qui lui a été rétrocédée par la Convention du 18 Mars, 1863, et de mettre cette première section en communication avec la seconde, au point de jonction du Ouady ;

3. D'assurer en toute saison la navigation, en maintenant dans le Canal une hauteur d'eau de 2 mètres 50 centimètres dans les hautes eaux du Nil, de 2 mètres à l'étiage moyen, et de 1 mètre, au minimum, au plus bas étiage ;

4. De fournir, en outre, à la Compagnie, un volume de 70,000 mètres cubes d'eau par jour pour l'alimentation des populations établies sur le parcours du Canal Maritime, l'arrosage des jardins, le fonctionnement des machines destinées à l'entretien du Canal Maritime et de celles des établissements industriels se rattachant à son exploitation, l'irrigation des semis et des plantations pratiqués sur les dunes et autres terrains non naturellement irrigables compris dans les dépendances du Canal Maritime ; enfin l'approvisionnement des navires qui passent par le dit Canal ;

5. De faire tout curage et travaux nécessaires pour entretenir le canal d'eau douce et ses ouvrages d'art en parfait état. Le Gouvernement Egyptien sera de ce chef substitué à la Compagnie en toutes les charges et obligations qui résulteraient pour elle d'un entretien insuffisant, étant tenu compte de l'état dans lequel le Canal aura été livré, et du délai nécessaire aux travaux que cet état aura pu exiger.

Art. 6. La Compagnie aura la servitude de passage sur les terrains que devront traverser les rigoles et conduites d'eau nécessaires au prélèvement des 70,000 mètres cubes d'eau dont il s'agit ci-dessus.

Art. 7. Aussitôt après la livraison du canal d'eau douce, le Gouvernement Egyptien en aura la jouissance et disposera de la faculté d'y établir des prises d'eau ; la Compagnie, de son côté, aura pendant la durée des travaux de construction du Canal Maritime, et, au besoin, jusqu'à la fin de 1869, la faculté d'établir sur le canal d'eau douce des services de remorqueurs à hélice ou de toueurs pour les besoins de ses transports ou de ceux de ses entrepreneurs, et l'exploitation exclusive du transit des marchandises de Port Saïd à Suez, et *vice versâ*.

Après 1869, la Compagnie rentrera dans le droit commun pour l'usage du canal d'eau douce ; elle n'aura plus sur ce canal que la jouissance appartenant aux Egyptiens, sans toutefois que jamais ses barques et bâtiments puissent être soumis à aucun droit de navigation.

L'alimentation d'eau douce en ligne directe à Port Saïd sera toujours amenée par les moyens que la Compagnie jugera convenable d'employer à ses frais.

La Compagnie cesse d'avoir le droit de cession de prise d'eau, de navigation, de pilotage, de remorquage, de halage, ou stationnement à elle accordés sur le canal d'eau douce par les Articles 8 et 17 de l'Acte de Concession du 5 Janvier, 1856.

Les bâtiments construits par la Compagnie pour ses services sur le parcours du canal d'eau douce de Zagazig à Suez sont cédés au Gouvernement Egyptien au prix de revient ; ceux de ces bâtiments et dépendances qui seront nécessaires à la Compagnie pendant la période ci-dessus indiquée lui seront loués par le Gouvernement aux taux de 5 pour cent l'an du capital remboursé.

Le canal d'eau douce ayant été ainsi complétement rétrocédé au Gouvernement Egyptien, son entretien étant à la charge du dit Gouvernement, il pourra établir sur le dit Canal et ses dépendances tels ouvrages fixes ou mobiles qu'il jugera convenables ; d'un autre côté, il devient inutile de déterminer, ainsi qu'on l'a fait pour le Canal Maritime, aucune étendue de terrain pour son entretien et pour sa conservation.

Art. 8. L'indemnité totale due à la Compagnie, s'élevant à la somme de 84,000,000 de fr., lui sera payée par le Gouvernement Egyptien, ensemble avec le restant du montant des actions du Gouvernement, au cas où la Compagnie ferait un appel de fonds la présente année, et les 10,000,000 fr., prix de la vente du Ouady, de la manière indiquée au tableau dressé à cet effet, signé et annexé aux présentes.

Art. 9. Le Canal Maritime et toutes ses dépendances restent soumis à la police Egyptienne, qui s'exercera librement comme sur tout autre point du territoire, de

façon à assurer le bon ordre, la sécurité publique et l'exécution des lois et règlements du pays.

Le Gouvernement Egyptien jouira de la servitude de passage à travers le Canal Maritime sur les points qu'il jugera nécessaires, tant pour ses propres communications que pour la libre circulation du commerce et du public, sans que la Compagnie puisse percevoir aucun droit de péage ou autre redevance sous quelque prétexte que ce soit.

Art. 10. Le Gouvernement Egyptien occupera dans le périmètre des terrains réservés comme dépendance du Canal Maritime, toute position ou tout point stratégique qu'il jugera nécessaire à la défense du pays. Cette occupation ne devra pas faire obstacle à la navigation et respectera les servitudes attachées aux francs-bords du Canal.

Art. 11. Le Gouvernement Egyptien, sous les mêmes réserves, pourra occuper pour ses services administratifs (poste, douane, caserne, &c.), tout emplacement disponible qu'il jugera convenable, en tenant compte des nécessités de l'exploitation des services de la Compagnie ; dans ce cas, le Gouvernement remboursera, quand il y aura lieu, à la Compagnie les sommes que celle-ci aura dépensées pour créer ou approprier les terrains dont il voudra disposer.

Art. 12. Dans l'intérêt du commerce, de l'industrie ou de la prospère exploitation du Canal, tout particulier aura la faculté, moyennant l'autorisation préalable du Gouvernement et en se soumettant aux règlements administratifs ou municipaux de l'autorité locale, ainsi qu'aux lois, usages et impôts du pays, de s'établir, soit le long du Canal Maritime, soit dans les villes élevées sur son parcours, réserve faite des francs-bords, berges et chemins de halage ; ces derniers devant rester ouverts à la libre circulation, sous l'empire des règlements qui en détermineront l'usage.

Ces établissements, du reste, ne pourront avoir lieu que sur les emplacements que les ingénieurs de la Compagnie reconnaîtront n'être pas nécessaires aux services de l'exploitation, et à charge par les bénéficiaires de rembourser à la Compagnie les sommes dépensées par elle pour la création et l'appropriation des dits emplacements.

Art. 13. Il est entendu que l'établissement des services de douane ne devra porter aucune atteinte aux franchises douanières dont doit jouir le transit général s'effectuant à travers le Canal par les bâtiments de toutes les nations, sans aucune distinction, exclusion ni préférence de personne ou de nationalité.

Art. 14. Le Gouvernement Egyptien, pour assurer la fidèle exécution des Conventions mutuelles entre lui et la Compagnie, aura le droit d'entretenir à ses frais, auprès de la Compagnie et sur le lieu des travaux, un Commissaire Spécial.

Art. 15. Il est déclaré, à titre d'interprétation, qu'à l'expiration des 99 ans de la Concession du Canal de Suez et à défaut de nouvelle entente entre le Gouvernement Egyptien et la Compagnie, la concession prendra fin de plein droit.

Art. 16. La Compagnie Universelle du Canal Maritime de Suez étant Egyptienne, elle est régie par les lois et usages du pays ; toutefois, en ce qui regarde sa constitution comme société et les rapports des associés entre eux, elle est, par une Convention spéciale, réglée par les lois qui, en France, régissent les sociétés anonymes. Il est convenu que toutes les contestations de ce chef seront jugées en France par des arbitres avec appel, comme surarbitre, à la Cour Impériale de Paris.

Des différends en Egypte entre la Compagnie et les particuliers, à quelque nationalité qu'ils appartiennent, seront jugés par les Tribunaux locaux suivant les formes consacrées par les lois et usages du pays et les Traités.

Les contestations qui viendraient à surgir entre le Gouvernement Egyptien et la Compagnie seront également soumises aux Tribunaux locaux et résolues suivant les lois du pays.

Les préposés, ouvriers et autres personnes appartenant à l'administration de la Compagnie, seront jugés par les Tribunaux locaux, suivant les lois locales et les Traités, pour tous délits et contestations dans lesquels les parties ou l'une d'elles seraient indigènes.

Si toutes les parties sont étrangères, il sera procédé entre elles conformément aux règles établies.

Toute signification à la Compagnie par une partie intéressée quelconque en Egypte sera valablement faite au siége de l'administration à Alexandrie.

Art. 17. Tous les Actes antérieurs, Concessions, Conventions, et Statuts son

maintenus dans toutes celles de leurs dispositions qui ne sont point en contradiction avec la présente Convention.

Fait double au Caire, le 22 Février, 1866.

(Signé) ISMAIL.
FERD. DE LESSEPS.

No. 12.

TABLEAU des payements stipulés en faveur de la Compagnie dans la Convention du 22 Février, 1866, pour y être annexé, sauf compte spécial à arrêter, en ce qui concerne le montant des versements des actions et les payements déjà effectués.

Dates des Payements.	Montant des Payements.		Par An.	
	Fr.	c.	Fr.	c.
1864.—1 Novembre	3,250.000	00	3,250,000	00
1865.—1 Mai	3,250,000	00	6,500,000	00
1 Novembre	3,250,000	00		
1866.—1 Mai	3,250.000	00		
1 Juillet	3,333,333	33		
1 Août	3,333,333	33		
1 Septembre	3,333,333	33	26,500,000	00
1 Octobre	3,333,333	33		
1 Novembre	6,588,333	33		
1 Décembre	3,333,333	35		
1867.—1 Janvier	3,062,500	00		
1 Février	3,062,500	00		
1 Mars	3,062,500	00		
1 Avril	3,062,500	00		
1 Mai	3,062,500	00		
1 Juin	3,062,500	00	36,750,000	00
1 Juillet	3,062,500	00		
1 Août	3,062,500	00		
1 Septembre	3,062.500	00		
1 Octobre	3,062,500	00		
1 Novembre	3,062,500	00		
1 Décembre	3,062,500	00		
1868.—1 Janvier	1,604,166	67		
1 Février	1,604,166	67		
1 Mars	1,604,166	67		
1 Avril	1,604,166	67		
1 Mai	1,604,166	67		
1 Juin	1,604,166	67	19,250,000	00
1 Juillet	1,604,166	67		
1 Août	1,604,166	67		
1 Septembre	1,604,166	67		
1 Octobre	1,604.166	67		
1 Novembre	1.604,166	67		
1 Décembre	1,604,166	67		
1869.—1 Janvier	1,604,166	67		
1 Février	1,604,166	67		
1 Mars	1,604,166	67		
1 Avril	1,604,166	67		
1 Mai	1,604,166	67		
1 Juin	1,604,166	67		
1 Juillet	1,604,166	67	19,250,000	00
1 Août	1,604,166	67		
1 Septembre	1,604,166	67		
1 Octobre	1,604,166	67		
1 Novembre	1,604,166	63		
1 Décembre	1,604,166	63		
	111,500,000	00		
A déduire les sommes payées	9,750,000	00		
Reste dû	101,850,000	00		

No. 13.

Procès-Verbal des Opérations des Délégués nommés à l'effet d'établir les Limites des Terrains nécessaires à la bonne Exploitation de l'Entreprise du Canal Maritime de Suez et dont la jouissance doit être attribuée à la Compagnie pendant la durée de sa Concession.— Le Caire, le 19 Février, 1866.

LES Commissaires soussignés :

Lebasteur, Inspecteur-Général des Ponts et Chaussées, Délégué du Gouvernement Français :

Server Effendi, Sous-Secrétaire d'Etat au Ministère de l'Agriculture, du Commerce et des Travaux Publics, Délégué du Gouvernement de Sa Majesté Impériale le Sultan ;

Aly Bey Moubareck, Colonel du Génie, Aide-de-camp de Son Altesse le Vice-Roi, Délégué du Gouvernement Egyptien ;

Mallet, Sénateur, délégué de la Compagnie du Canal Maritime de Suez ;

Partis du Caire le 29 Janvier, 1866, sont arrivés le 30 à Ismaïlia sur le Canal Maritime.

Le lendemain, 31, remontant le Canal vers le nord, après avoir visité les travaux du seuil d'El Guisr, ils sont arrivés à Kantara. Le 1 Février, ils étaient à Port Saïd, dont ils ont visité les divers chantiers et l'emplacement où doivent être assis le port et ses dépendances.

De retour à Ismaïlia le 3 Février, ils ont parcouru l'emplacement occupé et à occuper par cet établissement.

Partant d'Ismaïlia le 5 Février, ils se sont dirigés vers Suez en visitant les chantiers du Sérapéum et de Chalouf.

Arrivés à Suez, ils ont visité la rade ; et partout, dans les diverses localités, l'ingénieur en chef, Directeur-Général des Travaux, a exposé les besoins des établissements qui doivent y être créés. De retour au Caire, les Commissaires se sont réunis en conférence, les 11 Février et jours suivants, à l'effet d'examiner les plans qui leur ont été soumis, d'entendre de nouveau les explications du Directeur-Général des Travaux, et de fixer définitivement les limites des terrains nécessaires à la Compagnie pour l'exploitation de son entreprise.

Article 1. *Port Saïd.*—Dans la séance du 13 Février, M. le Directeur-Général des Travaux de la Compagnie a soumis à la Commission un plan de Port Saïd, indiquant les divers bassins à construire suivant les prévisions actuelles de la Compagnie.

Un double chenal conduirait de l'avant port dans le premier bassin, et, entre les deux passes, on conserverait le terre-plein des ateliers où se fabriquent les blocs factices pour la construction des jetées. La question de savoir si l'occupation actuelle de ces terrains doit être seulement temporaire et provisoire, ou si elle doit être considérée comme indispensable à la Compagnie pendant toute la durée de la concession, se présente. Après mûr examen, la Commission est d'avis que l'occupation par la Compagnie du dit terrain ne doit être que temporaire. En conséquence, la durée de cette occupation a été fixée à un laps de dix ans. Si, ultérieurement, ce laps de dix ans venait à être reconnu insuffisant, une entente entre le Gouvernement Egyptien et la Compagnie en fixerait la prolongation ; par contre, le Gouvernement rentrera en possession du terrain dont il s'agit au moment même où la Compagnie cessera la fabrication des blocks artificiels. Il est bien entendu que, durant l'occupation du dit terrain par la Compagnie, le Gouvernement Egyptien pourra y faire tous les travaux et toutes les constructions qu'il jugera utiles sans nuire aux chantiers de la Compagnie. Il est aussi à remarquer que cet îlot est nécessaire pour abriter l'arrière port. Cependant comme l'élargissement des passes pourra devenir indispensable, il s'ensuit que la Compagnie pourra toujours, pour opérer cet élargissement, réduire la longueur du dit îlot.

Entre la passe de l'est et l'enracinement de la jetée du même côté, il devra être laissé une voie publique d'accès, depuis la levée extérieure de l'arrière-port jusqu'à la jetée. Il ne sera fait par la Compagnie aucune construction soit le long de la plage, soit sur les levées limitant les bassins du côté de l'est.

Une partie de la plage est réservée, le long de la jetée de l'ouest, pour les besoins de l'exploitation du Canal et notamment pour compléter les travaux de la jetée et asseoir les principaux bâtiments d'exploitation ; cette partie réservée à la Compagnie aura une largeur de 150 mètres et une longueur maximum de 600

mètres, comptés à partir de l'origine de la jetée; elle n'est accordée que sous les conditions suivantes :—

1. La Compagnie laissera libres pour la circulation publique, savoir: un quai de 50 mètres de largeur entre les bâtiments d'exploitation qu'elle se propose de construire et la jetée, un espace de 50 mètres de largeur entre l'extrémité de ces constructions et la baisse de la mer; la voie d'accès existant entre la plage et le quai du port.

2. Toutes les constructions faites par la Compagnie seront soumises, en cas de guerre, aux servitudes militaires, et le Gouvernement pourra faire exécuter tous travaux et toutes démolitions qu'il jugera utiles à la défense du pays, sans être tenu de payer aucune indemnité quelconque à la Compagnie à raison des dits travaux et démolitions.

3. Si, en cas de guerre, le Gouvernement juge utile de construire une batterie dans l'étendue des 600 mètres réservés, l'emplacement de cette batterie formera la limite définitive du terrain concédé.

Sous la réserve de toutes les conditions ci-dessus, la Commission estime qu'une superficie de 430 hectares de terrain est nécessaire à la Compagnie pour le service et pour l'exploitation complète à Port Saïd du Canal Maritime; ces terrains sont désignés au plan côté sous le No. 1, signé, paraphé, et annexé au présent procès-verbal.

Cette superficie se répartit ainsi qu'il suit:—Terrains réservés du côté d'Afrique, 319 hectares; terrains réservés du côté d'Asie, 111 hectares: superficie totale à Port Saïd, 430 hectares.

Art. 2. *De la borne No. 3, placée à l'extremité du port, ou kilomètre No. 62, près d'El-Ferdane.*—Aucune objection n'est faite à la demande de la Compagnie tendant à obtenir une largeur de 200 mètres de chaque côté de l'axe du Canal; en conséquence, cette demande lui est accordée.

Art 3. *Raz-el-Ech.*—La Compagnie demande une zone supplémentaire de 300 mètres de largeur sur 500 mètres de longueur du côté d'Afrique, soit 15 hectares.

Cette demande est admise.

Le droit de pêche du Gouvernement dans le Lac Menzaleh s'exercera toujours jusqu'au remblai exécuté.

Art. 4. *Kantara.*—La Compagnie demande, sur le côté d'Asie, une superficie totale de 64 hectares, se répartissant ainsi qu'il suit:

Création d'une gare de 1,000 mètres de longueur sur 200 mètres de largeur, avec terre plein de 200 mètres à l'entour pour les établissements destinés au service de la garde, 28 hectares; emplacement pour le campement de la Compagnie et de l'entreprise, 36 hectares: total, 64 hectares.

Cette demande est admise par la Commission.

Art. 5. *D'El Ferdane au Lac Timsah.*—Pour cette partie du Canal, qui comprend la traversée, du seuil d'El-Guisr, la Compagnie demande 200 mètres du côté d'Asie et 1,000 mètres du côté d'Afrique.

Cette demande est motivée, en ce qui concerne le côté d'Afrique, sur ce qu'il est nécessaire d'avoir une grande étendue de terrain pour déposer les déblais provenant d'une tranchée qui atteint à son point culminant une hauteur de 19 mètres; non compris la profondeur du Canal, qui est de 8 mètres, ce qui porte le total des déblais à 27 mètres, et, en outre, sur la nécessité d'exécuter des travaux pour fixer les sables mobiles qui pourraient sur certains points envahir la tranchée.

Par ces motifs, la Commission admet la demande de la Compagnie.

Art. 6. *Canal de jonction avec le canal d'eau douce.*—La Compagnie ayant à faire des travaux importants pour fixer les sables mobiles et empêcher l'envahissement du canal de jonction et du canal maritime avec le canal d'eau douce, une superficie de 160 hectares lui est accordée par la Commission.

Cette superficie est indiquée sur le plan d'ensemble d'Ismaïlia, côté sous le No. 2, signé, paraphé, et annexé au présent procès-verbal. Aucune construction autre que les postes de gardiens, travaux d'éclairage des deux canaux et logement des préposés de ce service, ne pourra être faite par la Compagnie sur une surface de 1,500 mètres de rayon, dont le centre sera le point d'intersection de l'axe du bief actuel de jonction avec le canal d'eau douce et de l'axe du canal maritime.

Art. 7. *Ismaïlia.*—Le plan d'Ismaïlia ci-dessus énoncé indique également le périmètre des terrains nécessaires pour les établissements de la Compagnie dans la ville d'Ismaïlia; d'après ce plan, une surface de 193 hectares, s'étendant au nord

du canal d'eau douce, serait nécessaire; la Compagnie demande donc cette superficie, laquelle lui est accordée par la Commission.

Art. 8. *Port d'Ismaïlia. Traversée du Lac Timsah. Canal de service.*—Le port d'Ismaïlia, sur le Lac Timsah, indiqué sur le plan côté sous le No. 2, est séparé de la ville par le canal d'eau douce, les communications entre la ville et le port sont établies par des ponts-levis construits sur les deux écluses. Ces deux points doivent être conservés. La Commission décide, en outre, que le long du Canal d'eau douce, entre les deux écluses jusqu'à la gare des ateliers de réparations que se propose de construire la Compagnie, il sera réservé pour les besoins du dit Canal une bande de 60 mètres de largeur comptée à partir de l'axe. Le Gouvernement pourra faire construire sur cette bande tout bâtiment de service qu'il jugera nécessaire, en laissant un passage libre, le long du Canal, de 20 mètres de largeur.

Dans l'étendue de la gare, la digue du Canal sera continuée par la Compagnie, et aura, au sommet, 10 mètres de largeur. Au passage des canaux de communication, entre le canal et la gare, il sera établi, pour l'usage du public, des ponts mobiles ayant une largeur de 4 mètres. Le long du quai du port, sur le Lac Timsah, on laissera un espace libre de 50 mètres de largeur. Une bande de terrain de 500 mètres de largeur sur 1,500 mètres de longueur, soit 75 hectares à l'ouest du lac, est distraite de la concession demandée, pour les besoins du Gouvernement Egyptien, qui pourra, s'il le juge convenable, établir sur le Lac Timsah un port dont les quais feront un retour d'équerre par rapport à ceux de la Compagnie. La superficie des terrains accordés pour l'établissement du port d'Ismaïlia, du côté d'Afrique est fixée, par suite de la réduction ci-dessus, à 508 hectares. Il est, en outre, accordé pour l'ouverture du Canal dans la traversée du Lac Timsah une zone de 200 mètres de chaque côté de l'axe.

Un canal de service conduisant à une carrière située à l'est du canal maritime, ainsi que la carrière elle-même, restent réservés à la Compagnie conformément à la concession qui lui en a été faite. Le tout comporte une superficie de 74 hectares.

Art. 9. *Du Lac Timsah aux Lacs Amers.*—Cette portion du canal de 17 kilomètres de longueur comprend la tranchée du Sérapéum un peu moins profonde que celle d'El-Guisr, mais présentant les mêmes difficultés. Pour les motifs indiqués à l'Article 5, la Compagnie demande, du côté d'Afrique, une largeur de 800 mètres et de 200 mètres du côté d'Asie. Cette demande lui est accordée par la Commission.

Art. 10. *Traversée des Lacs Amers.*—M. le Directeur-Général des Travaux, appelé à donner des explications sur les projet de la Compagnie, fait connaître qu'elle a l'intention de s'établir dans les lacs mêmes, en opérant, s'il y a lieu, les dragages nécessaires; cependant, il prévoit le cas où il y aurait dans la nappe d'eau des lacs une agitation ou des courants gênants pour la navigation; on se reporterait alors à la limite des lacs du côté d'Asie, et on les contournerait en établissant une voie séparée des lacs et protégée contre l'action des vents et de la marée. La superficie à occuper dans l'un ou dans l'autre cas serait sensiblement la même, et la zone concédée peut être calculée à raison de 200 mètres de chaque côté de l'axe de la voie suivie par la navigation. Quand la Compagnie sera complétement fixée sur la ligne à adopter, la concession se bornera aux terrains situés sur cette ligne.

La Commission accorde donc la zone de 200 mètres de chaque côté de l'axe de la voie adoptée par la Compagnie. De plus, la Commission accorde à la Compagnie une surface supplémentaire de 20 hectares au seuil de séparation des deux lacs, pour divers travaux ayant pour objet de diriger les eaux sur ces points et d'empêcher, au moyen d'épis ou d'enrochements, la transmission des lames et les dégradations que les courants pourraient occasionner.

Art. 11. *Des Lacs Amers aux Lagunes de Suez.*—La Compagnie demande 200 mètres de largeur de chaque côté de l'axe, plus, pour le campement de Chalouf, une zone supplémentaire de 300 mètres de largeur sur une longueur de 1,000 mètres, soit 30 hectares. Elle réclame aussi une superficie égale pour le campement de la plaine; comprenant des bassins et un canal de service pour l'alimentation du campement.

La Commission accorde ces différents chefs de demande à la Compagnie.

Art. 12. *Traversée des Lagunes de Suez.*—Aucune objection n'étant faite à la demande de la Compagnie qui réclame 200 mètres de chaque côté de l'axe du canal, et, en outre, une zone supplémentaire de 27 hectares pour le campement de quarantaine et la voie d'accès qui y conduit, plus 13 hectares pour le petit établissement à former à l'entrée du canal à son point de jonction avec le chenal conduisant à la rade de Suez; en conséquence, ces différents chefs sont également accordés.

Art. 13. *Port de Suez.*—Après une discussion approfondie sur les moyens d'assurer l'exploitation facile et complète du Canal Maritime, la Commission accorde à la Compagnie la superficie des terrains qu'elle demande, tels qu'ils sont figurés au plan côté sous le No. 3, signé, paraphé et annexé au présent procès-verbal. Cette allocation est faite sous les réserves et sous les conditions suivantes :—

1. Le chenal faisant partie du port du Suez n'est pas compris dans les terrains réservés à la Compagnie ; toutefois, il demeure bien entendu que, conformément à la concession, la Compagnie, a le droit de faire dans le chenal tous les travaux que comporte l'exécution de ses projets, sous la réserve de laisser toujours un passage libre à la navigation entre le fond du port et la rade, de sorte que la navigation ne soit jamais arrêtée ni entravée.

2. Le halage sera libre sur les quais que doit construire la Compagnie. Toutefois, le droit de haler ne devra pas gêner la formation des trains.

La formation des trains est interdite le long de la jetée extérieure et sur une longueur de 100 mètres à l'extrémité du terre-plein. La portion du quai suivante, jusqu'au petit bassin, est affectée à la formation des trains ; en dehors des navires destinés à entrer dans le canal, aucun navire ne pourra y stationner ni s'y amarrer.

La circulation pour le public sera constamment libre sur les quais.

Si la Compagnie prolonge la levée au-delà de l'extrémité du terre-plein, en vue de former une jetée d'abri, cette jetée extérieure sera et restera consacrée au public pour les besoins généraux de halage.

3. La chaîne de touage que doit établir la Compagnie sera placée à 100 mètres au moins de distance de la levée mesure prise au niveau moyen des eaux, et la Compagnie aura la faculté de la prolonger en ligne droite jusqu'aux fonds naturels de 9 mètres. La Compagnie sera tenue d'élargir le chenal, si les besoins de la navigation locale le rendent nécessaire, et elle reculera alors, en même temps, la chaîne de touage.

4. Le chenal devant rester libre pour tous les navires, aucun bâtiment n'y pourra mouiller.

5. La moitié de la largeur du terre-plein à créer entre la levée formant la rive nord du chenal d'avant-port et le quai du basssin de radoub sera comprise dans les zones réservées à l'exploitation du canal maritime, sous la condition pour la Compagnie de laisser au quai, le long de la levée, une largeur de 40 mètres.

La Compagnie n'aura à sa charge que la dépense afférente à l'exécution des travaux dans la largeur de la zone qui lui est réservée.

L'enrochement qui doit protéger le terre-plein du côté de la rade sera construit simultanément par le Gouvernement et par la Compagnie.

6. Les fortifications qui pourront être construites à l'extrémité sud-ouest du terre-plein seront disposées de manière que l'on puisse communiquer entre ce terre-plein et la rade.

La partie extérieure correspondant à la bande réservée à la Compagnie sera affectée à l'accostage et au stationnement de ses embarcations de service et à l'établissement de ses embarcadères.

7. La partie du terre-plein réservée à la Compagnie le long du chenal du port de Suez, en retour vers le nord, aura une longueur de 1,000 mètres, à partir de l'entrée du petit bassin projeté pour le remisage du matériel d'exploitation du Canal Maritime. Le terre-plein s'étendra en largeur jusqu'à une ligne parallèle au chemin de fer à 50 mètres en arrière de l'axe de la voie. Les navires étrangers à l'exploitation du Canal Maritime pourront se haler, mais non décharger ni s'amarrer le long de ce terre-plein.

8. Les constructions qui seront élevées par la Compagnie dans l'étendue de la zone réservée à l'exploitation du Canal Maritime seront soumises en cas de guerre aux servitudes militaires.

Une zone de 100 mètres de largeur est réservée à l'extrémité du terre-plein pour les besoins du Gouvernement. Aucune construction ne pourra être érigée sur cette zone de terrain par la Compagnie.

Aucune des énonciations du présent procès-verbal ne pourra être prise ou considérée par la Compagnie comme l'affranchissant des règlements du port; en conséquence, tous les navires généralement quelconques se dirigeant dans le Canal Maritime resteront, à l'instar des autres navires, soumis aux règlements faits ou à faire par le Gouvernement Egyptien pour assurer la libre circulation dans les ports de son territoire.

En conséquence, et se résumant, les Commissaires soussignés arrêtent ainsi qu'il suit l'état des terrains concédés à la Compagnie pour l'établissement, l'exploi-

tation et la conservation du Canal Maritime de Suez. (Voir le plan général du Canal, pièce Annexe No. 4.)

ETATS des Terrains nécessaires à l'Etablissement, l'Exploitation, et la Conservation du Canal Maritime de Suez.

No. d'Ordre.	Désignation des Parties du Canal, des Ports, et des Etablissements.	Longueurs en kilomètres.	Largeur mesurée à partir de l'Axe du Canal.		Superficie.	
			Côté Afrique.	Côté Asie.	Côte Afrique.	Côté Asie.
		kilom.	Mètres.	Mètres.	Hect.	Hect.
I.	Port Saïd—					
	Le périmètre des terrains réservés à la Compagnie est figuré par un liséré vermillon sur le plan joint au présent état. (Pièce Annexe No. 1)	3	..	..	319	111
II.	De Port Saïd à El Ferdane—					
	Du kilom. 3 au kilom. 62 du Canal Maritime ..	59	200	200	1,180	1,180
III.	Raz-el-Ech—					
	Zone supplémentaire, côté Afrique, d'une largeur de 300 m. sur une longueur de 500 m. ..	..	..	..	15	..
IV.	Kantara—					
	Le périmètre des terrains réservés est figuré par un liséré vermillon sur le plan joint au présent état. (Pièce Annexe No. 1 bis) ..	..	..	..	..	64
V.	D'El-Ferdane au Lac Timsah—					
	Du kilom. 62 au point kilométrique 75·5 du Canal Maritime..	13 5	1,000	200	1,350	270
VI.	Canal de jonction avec le canal d'eau douce—					
	Longueur moyenne de 2,000 m. sur une largeur moyenne de 800 m., conformément au plan joint au présent état. (Pièce Annexe No. 2) .	..	..	..	160	..
VII.	Ismaïlia—					
	Le périmètre des terrains réservés est figuré par un liséré vermillon sur la même pièce Annexe No. 2	..	..	..	193	..
VIII.	Port d'Ismaïlia, traversée du Lac Timsah, canal de service—					
	Le périmètre des terrains réservés est figuré par un liséré vermillon sur la pièce Annexe No. 2.					
	Port d'Ismaïlia	..	..	..	508	..
	Traversée du Lac Timsah.					
	Du kilom. 75·5 au kilom. 81	5 5	200	200	110	110
	Canal de service	..	..	..	..	74
IX.	Du Lac Timsah aux Lacs Amers—					
	Du kilom. 81 au kilom. 98..	17	800	200	1,360	340
X.	Traversée des Lacs Amers—					
	Du kilom. 98 au kilom. 133..	35	200	200	700	700
	Campement du seuil de séparation des deux bassins, 500 m. sur 400 m.	..	..	..	20	..
XI.	Des Lacs Amers aux lagunes de Suez—					
	Du kilom. 133 au kilom. 151	18	200	200	360	360
	Campement de Chalouf, zone supplémentaire de 300 m. de largeur sur une longueur de 1,000 m.	..	..	..	30	..
	Campement de la plaine. Bassins et canal de service	..	..	..	30	..
XII.	Traversée des lagunes de Suez—					
	Du kilom. 151 au kilom. 159	8	200	200	160	160
	Campement de la quarantaine et chemin d'accès.	..	..	..	27	..
	Etablissement à l'entrée du canal	..	..	..	13	..
XIII.	Port de Suez—					
	Le périmètre des terrains réservés est figuré par un liséré vermillon sur le plan joint au présent état. (Pièce Annexe No. 3)	2	..	..	130	180
	Totaux	161	..	..	6,665	3,549

Le présent état de superficie montant, savoir:

Pour le côté d'Afrique, à 6,665 hectares; pour le côté d'Asie, à 3,549 hectares: total général de la superficie des terrains concédés, 10,214 hectares.

Fait au Caire, en quadruple expédition, le 19 Février, 1866, de l'ère Chrétienne, soit le 5 Chatval, 1282 de l'Hégire.

(L.S.) LEBASTEUR.
(L.S.) SERVER.
(L.S.) ALY-MOUBARECK-BEY.
(L.S.) MALLET.

No. 14.

Firman du Sultan de la Turquie, autorisant l'exécution du Canal Maritime de Suez.— Signé le 2 Zilqydjé, 1282 (19 *Mars,* 1866).

Mon illustre Vézir, Ismaïl Pacha, Vice-Roi d'Egypte, ayant rang de Grand Vézir, décoré de l'Osmanié et du Medjidieh de première classe, en brillants :

LA réalisation du grand œuvre destiné à donner des nouvelles facilités au commerce et à la navigation par le percement d'un Canal entre la Méditerranée et la Mer Rouge étant l'un des événements les plus désirables de ce siècle de science et de progrès, des conférences ont eu lieu depuis un certain temps avec la Compagnie qui demande à exécuter ce travail, et elles viennent d'aboutir d'une façon conforme, pour le présent et pour l'avenir, aux droits sacrés de la Porte, comme à ceux du Gouvernement Egyptien.

Le contrat, dont ci-après la teneur des Articles en traduction, a été dressé et signé par le Gouvernement Egyptien conjointement avec le représentant de la Compagnie ; il a été soumis à notre sanction Impériale, et après l'avoir lu, nous lui avons donné notre acceptation.

(Suit le Contrat *in extenso,* signé au Caire le 22 Février.*)

Le présent Firman, émané de notre Divan Impérial, est rendu à cet effet que nous donnons notre autorisation souveraine à l'exécution du Canal par la dite Compagnie, aux conditions stipulées dans ce Contrat, comme aussi au règlement de tous les accessoires selon ce Contrat et les Actes et Conventions y inscrits et désignés qui en font partie intégrante.

Donné le 2 Zilqydjé, 1282 (19 Mars, 1866).

No. 15.

Conventions between the Khedive of Egypt and M. Lesseps, relative to the Suez Canal.

(No. 1.)

Cairo, April 23, 1869.

ENTRE Son Altesse le Khédive d'Egypte et M. Ferdinand de Lesseps, Président-Directeur de la Compagnie Universelle du Canal Maritime de Suez, agissant au nom et pour compte de la dite Compagnie, en vertu des pleins pouvoirs qui lui sont délégués, a été convenu ce qui suit :—

Article 1. A partir du 1 Octobre, 1869, les importations que fera la Compagnie pour ses besoins, ainsi que pour ceux de ses entrepreneurs, ouvriers, et employés, paieront les mêmes droits que toutes les importations faites en Egypte par tout sujet Egyptien. La Compagnie renonce par conséquent aux franchises douanières exprimées dans l'Article 13 de l'Acte de Concession du 5 Janvier, 1856, telles qu'elles ont été interprétées et règlementées par la décision rendue le 5 Mars dernier par la Commission réunie au Caire à cet effet, et sera soumise, en ce qui concerne les douanes ou octrois, à tous les impôts, taxes, ou règlements décrétés, ou à décréter, par le Gouvernement.

La Compagnie continuera à jouir de la faculté, qu'ont d'ailleurs tous les sujets

* No. 11.

Egyptiens, d'extraire des carrières appartenant au domaine public, sans payer aucun droit, les pierres, la chaux, et le plâtre nécessaires à la construction ou à l'entretien des travaux.

Art. 2. Les barques ou bâtiments de la Compagnie naviguant sur le Canal d'eau douce antérieurement rétrocédé au Gouvernement seront traités comme tous les autres bâtiments ou barques du pays. Ils seront soumis à tous les droits, taxes, impôts, ou règlements établis ou à établir. Il est entendu que la Compagnie n'aura à l'avenir à formuler aucune prétention particulière relativement au dit Canal d'eau douce.

Art. 3. Du consentement des deux parties, il est entendu que la Compagnie n'a pas d'autre objet que l'exploitation, l'entretien et l'augmentation du Canal Maritime. Elle rentre par conséquent dans le droit commun, et renonce à toute exception, faculté ou privilége spécial. Ainsi le Gouvernement fera désormais exclusivement le service de la poste et du télégraphe pour la Compagnie, comme pour le public. La Compagnie conservera toutefois la faculté d'avoir son télégraphe spécial pour ses services des travaux et du transit des navires dans le Canal Maritime.

Le droit de pêche dans les eaux du Canal Maritime et dans les lacs qu'il traverse appartiendra exclusivement au Gouvernement. Les barques de pêche devront seulement se conformer aux règlements de navigation publiés par la Compagnie dans le Canal Maritime. Elles n'auront à payer à la Compagnie aucune taxe ou redevance pour leur stationnement ou leur navigation, mais elles devront s'abstenir de tout transport de passagers ou de marchandises, excepté du poisson pêché.

Art. 4. L'usage des terrains dépendant du Canal Maritime (soient les 10,214 hectares limités par la Convention de Février 1866, plus 300 hectares à ajouter à la superficie d'Ismaïlia), sera réglé par un arrangement spécial. Toutefois les Parties Contractantes établissent ici : 1. Que les terrains dont la vente aura été décidé seront divisés par lots dans les bureaux de vente des différentes villes du Canal ; 2. Que le prix de vente sera partagé entre le Gouvernement et la Compagnie dans la proportion de 50 pour cent du produit net ; 3. Que les acquéreurs ne pourront recevoir la délivrance de leur lots et être considérés comme propriétaires qu'après avoir reçu les hodjets ou titres de propriété déliverés au Mékémet, après paiement du prix total de leur achat et sur présentation de la quittance définitive ; 4. Que les acquéreurs des terrains seront placés exactement dans les mêmes conditions que les autres habitants de l'Egypte.

Art. 5. La Compagnie renonce vis-à-vis du Gouvernement Egyptien à toute réclamation ou indemnité quelconque, tant pour son compte que pour celui de ses entrepreneurs pour lesquels elle se porte fort, pour tous faits ou prétendus préjudices antérieurs à la date de la présente Convention.

Art. 6. Les avantages résultant pour le Gouvernement des Articles précédents sont évalués de commun accord à une somme de 20,000,000 fr.

Art. 7. La Compagnie cède au Gouvernement pour une somme de 10,000,000 fr. :

1. Tous les hôpitaux construits dans l'Isthme avec leur matériel.

2. Toutes les maisons et constructions appartenant à la Compagnie à Raz-el-Hiche au kilometre 34, à Kantarah, au Lac Ballah, à Ferdane, à El Guisr, au chantier 6 à Gebel Mariam, à Toussoum, à Serapéum, à Geneffé, à Chalouf, au kilomètre 84 de la plaine de Suez.

3. La carrière et le port du Mex, avec le matériel d'exploitation.

4. Les magasins et établissements de Boulac et de Damiette.

Art. 8. La Compagnie s'engage à livrer au Gouvernement les immeubles qui font l'objet de la présente cession, libres de tout litige ou location.

Art. 9. Dans les constructions cédées ci-dessus au Gouvernement dans l'Isthme par la Compagnie, celle-ci pourra occuper les logements nécessaires à ses services d'exploitation. L'inventaire en sera dressé d'accord avec le Gouvernement par l'Agent Supérieur de la Compagnie. La Compagnie paiera annuellement au Gouvernement une somme égale à 5 pour cent de la valeur des dites constructions sur l'estimation faite d'un commun accord, ainsi que cela a été fait pour les constructions du Canal d'eau douce. Quand le besoin qui les aura fait occuper aura cessé, la Compagnie les rendra au Gouvernement dans le même état où elle en aura pris livraison.

Art. 10. Le paiement des 30,000,000 fr. stipulés dans les Articles VI et VII s'effectuera par le Gouvernement, à la Compagnie du Canal de Suez par lare mise immédiate d'autant de coupons d'intérêt d'actions de la dite Compagnie qu'il en faudra pour acquitter cette somme en capital et intérêts à raison de 10 pour cent l'an et détachés des 176,602 actions de la Compagnie du Canal de Suez dont le Gouvernement est propriétaire.

Les coupons à remettre seront ceux qui commenceront à écheoir le 1 Janvier, 1870.

Moyennant cet abandon des coupons, ainsi qu'il vient d'être exprimé, le Président-

Directeur donne, dès à présent, au nom de la Compagnie, bonne et valable quittance au Khédive de la dite somme de 30,000,000 fr.

Fait double au Caire, le 23 Avril, 1869.

(Signé) ISMAIL.
FERD. DE LESSEPS.

(No. 2.)

Cairo, April 23, 1869.

ENTRE Son Altesse Ismaïl Pacha, Khédive d'Egypte, et M. Ferdinand de Lesseps, Président-Directeur de la Compagnie du Canal Maritime de Suez, agissant au nom et pour le compte de la dite Compagnie, en vertu des pleins pouvoirs quil ui sont délégués, a été convenu ce qui suit :—

Article 1. Pourront être mis en vente les terrains à bâtir réservés à la Compagnie Universelle le long du Canal Maritime, par la Convention de Février 1866, propres à la construction des villes, stations, et établissements privés, et autres que ceux qui seront jugés nécessaires à l'exploitation du Canal Maritime.

A ces terrains seront adjoints 300 hectares à Port Saïd, et 200 hectares à Ismaïlia, qui seront déterminés par le Gouvernement, de manière à ne porter aucun préjudice aux nécessités de la défense et du service militaire.

Les dites ventes seront autorisées dès que les négociations pendantes avec les Puissances auront déterminé le mode de juridiction à établir en Egypte entre étrangers indigènes.

Art. 2. Ces terrains réunis formeront un fond commun, et seront successivement mis en vente en raison des demandes et des besoins des populations.

Art. 3. Les produits nets de ces ventes seront également partagés entre le Khédive et la Compagnie, comme il sera dit ci-après.

Art. 4. La distribution des terrains et leur répartition pour la mise en vente devront être préalablement soumises à l'approbation du Khédive.

Art. 5. A cet effet, une Commission, composée de deux membres choisis par le Khédive et deux membres par la Compagnie, sera déléguée pour déterminer, arrêter, limiter sur les divers points les plus susceptibles d'agglomération d'habitants les lots qui seront mis en vente dans l'intérêt commun.

Le travail de cette Commission sera soumis à l'approbation du Khédive.

Art. 6. La Commission dont il est question dans l'Article précédent sera également chargée de l'administration des terrains, de la mise en vente, des adjudications, des recouvrements, de la comptabilité, et généralement de tout ce qui concerne la conduite de les terrains.

Toutes les décisions de la dite Commission devront être prises au moins par deux de ces membres, à savoir, un de ceux choisis par le Khédive et un de ceux choisis par la Compagnie.

Art. 7. Conformément aux dispositions de la Convention du 22 Février, 1866, prohibant dans l'Isthme tout établissement Colonial d'une nationalité quelconque, les ventes ne pourront être qu'individuelles et destinées exclusivement à des établissements privés. Le maximum pour une famille en est fixé à 1 hectare pour construction, et 1 hectare pour jardin, s'il y a lieu. Dans les villes le maximum reste fixé à 1 hectare pour les deux destinations.

Art. 8. Les ventes s'effectueront soit de gré-à-gré soit par voie d'adjudication publique au comptant ou à des termes convenus entre l'acheteur et la Commission ; toutes les fois qu'il y a concurrence d'offres pour un même terrain la mise en adjudication sera obligatoire. Le mode d'adjudication sera déterminé par un règlement d'administration publique déterminé par le Khédive.

Dans le cas de vente à terme la Commission de Vente fera les réserves nécessaires pour conserver au Gouvernement et à la Compagnie jusqu'à complet paiement leur privilége de vendeur tant sur le terrain que sur les constructions.

Art. 9. Tous les frais et dépenses auxquels donneront lieu la création et le fonctionnement de la Commission seront avancés par la Compagnie ; avant tout partage, le montant de ces avances sera prélevé et versé dans la caisse de la Compagnie.

Art. 10. Tous les six mois un état de situation de la caisse, des sommes dues, et du

mouvement des ventes, sera dressé par la Commission et transmis au Gouvernement comme à la Compagnie.

Art. 11. Après approbation de cet état pour le Gouvernement et la Compagnie, les sommes qu'il laissera disponibles seront versées, moitié au Trésor Egyptien, et moitié dans la caisse de la Compagnie.

Fait double au Caire, le 23 Avril, 1869.

(Signé) ISMAIL.
FERD. DE LESSEPS.

No. 16.

Resolutions of General Meetings.

MOST of the Resolutions of the General Meetings are formal or spent. The following are the only exceptions:—

1864	4th Resolution ..	.. Time for Annual Meeting.
1867	2nd Resolution ..	.. Loan.
1869	5th Resolution ..	.. Notices for Meetings.
1871 (24 Aug.)	1st Resolution ..	.. Votes for Egyptian Shares.
	2nd Resolution ..	.. Number and pay of Administrators.
	3rd Resolution ..	.. Loan.
1874	3rd Resolution (C) ..	.. Arrears of Interest on Shares.
	6th Resolution (F) ..	.. Agency in Egypt.

(Signed) F. S. REILLY.

February 15, 1876.

1864.

L'Assemblée:

Conformément aux propositions développées dans la réunion du 15 Juillet, 1863, approuve la modification de l'Article 46 des Statuts, qui fixe la réunion ordinaire de l'Assemblée Générale des actionnaires, du 1er au 15 Mai de chaque année, en ce sens, que cette réunion pourra avoir lieu, sur la convocation du Conseil, du 1er Mai au 1er Août.

1867.

Tous pouvoirs sont donnés au Conseil d'Administration d'émettre, pour le compte et sous la responsabilité de la Compagnie Universelle du Canal Maritime de Suez, le nombre de titres suffisants pour produire la somme de 100,000,000 fr. destinée à couvrir le surplus des dépenses nécessaires à l'achèvement du Canal Maritime.

Le Conseil d'Administration est chargé de déterminer l'époque, le mode, les garanties et les conditions de cette opération.

1869.

L'Assemblée décide:

L'Article 47 des Statuts ainsi conçu:

* * * * *

Est modifié de la manière suivante:

Art. 47. Les convocations ordinaires et extraordinaires sont faites par un avis publié un mois avant l'époque de la réunion.

1871.

1re Résolution.

Les actions Egyptiennes ne pouvant pas être représentées aux Assemblées Générales pendant tout le temps qu'elles sont privées de leurs coupons, et d'un autre côté les délégations des coupons ne pouvant pas non plus y être admises;

L'Assemblée décide qu'il y aura lieu, à l'avenir, d'adopter le vingtième ou le dixième des actions nécessaires pour valider les Assemblées Générales en prenant

pour base 223,398 actions au lieu de la base de 400,000 actions exigées par les Articles 44 et 67 [57] des Statuts.

NOTA.—Conformément à l'Article 71 des Statuts, les résolutions concernant des modifications des Statuts ne sont exécutoires qu'après l'approbation du Gouvernement Egyptien.

2e Résolution.

L'Assemblée décide :

Le nombre des Administrateurs indiqué par l'Article 24 des Statuts est réduit à vingt-et-un.

Les paragraphes 3 et 5 de l'Article 63 des Statuts, attribuant 3 pour cent aux Administrateurs, 70 pour cent aux actions, sont modifiés de la manière suivante :

§ 3. 2 pour cent aux Administrateurs.

§ 5. 71 pour cent comme dividende à répartir entre toutes les actions amorties ou non amorties indistinctement.

3e Résolution.

Tous pouvoirs sont donnés au Conseil d'Administration pour contracter un emprunt de 20,000,000 fr.

Le Conseil est chargé de déterminer l'époque, le mode, les garanties et les conditions de cette opération.

1874.

(C.)

L'Assemblée décide :

Les coupons d'intérêts arriérés des actions, du 1er Juillet, 1871, au 1er Juillet, 1874, inclusivement, seront réglés par la création de 400,000 titres, rapportant un intérêt de 5 pour cent l'an, et remboursables au pair à 85 fr., en quarante ans, à partir du 15 Novembre, 1882, par voie de tirages au sort annuels. L'intérêt de ces titres courra du 15 Novembre, 1874, et sera payé annuellement.

L'intérêt annuel et l'amortissement de ces titres ne seront acquittés qu'après le payement des charges définies par les paragraphes 1 et 2 de l'Article 62 des Statuts et sur les produits disponibles.

(F.)

L'Assemblée décide à l'unanimité :

L'Article 42 des Statuts est modifié de la manière suivante :

" Un agent supérieur, chef des services, réside en Egypte ;

" Il est investi de tous les pouvoirs nécessaires pour l'exécution des travaux et la marche de l'exploitation ;

" Il représente la Compagnie dans tous ses rapports avec le Gouvernement Egyptien et les tiers."

MISCELLANEOUS. No. 8 (1876).

(GENERAL POSTAL UNION.)

DECLARATION

RECORDING THE

ADHESION OF BRITISH INDIA

TO THE

GENERAL POSTAL UNION

OF

OCTOBER 9, 1874.

Signed at Berne, July 1, 1876.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1554.] *Price* 1*d.*

Declaration recording the Adhesion of British India to the General Postal Union of the 9th of October, 1874.

Signed at Berne, July 1, 1876.

UN arrangement concernant l'entrée de l'Inde Britannique dans l'Union Générale des Postes ayant été conclu à Berne le 27 Janvier, 1876, entre les Délégués du Gouvernement Britannique et les Délégués des Administrations intéressées faisant partie de l'Union Postale, et aucune objection contre cet arrangement, à la suite de la communication qui en a été faite à tous les membres de l'Union par circulaire du 29 Janvier, 1876, n'ayant été présentée dans le délai de six semaines, prescrit par l'Article XVII, paragraphe 6, du Traité de Berne du 9 Octobre, 1874;

Les Soussignés, dûment autorisés à cet effet, constatent par le présent acte diplomatique l'adhésion définitive du Gouvernement Britannique pour l'Inde Britannique aux stipulations du Traité concernant la création d'une Union Générale des Postes, conclu à Berne le 9 Octobre, 1874, ainsi qu'aux dispositions du Règlement de détail pour l'exécution du dit Traité.

Fait à Berne le 1er Juillet, 1876.

Pour le Gouvernement du Royaume Uni de Grande Bretagne et d'Irlande et pour le Gouvernement de l'Inde Britannique,

Le Ministre Résident de Sa Majesté Britannique près la Confédération Suisse,
(L.S.) EDWIN CORBETT.

Pour le Conseil Fédéral Suisse au nom des Membres de l'Union,
Le Président de la Confédération,
(L.S.) WELTI.

(Translation.)

AN arrangement concerning the entry of British India into the General Postal Union having been concluded at Berne on the 27th of January, 1876, between the delegates of the British Government and the delegates of the Administrations interested, forming part of the Postal Union, and no objection to this arrangement having, in consequence of the communication which was addressed to all the members of the Union by circular dated the 29th of January, 1876, been made within the period of six weeks, prescribed by Article XVII, paragraph 6, of the Treaty of Berne, of the 9th of October, 1874;

The Undersigned, duly authorized for this purpose, record by the present diplomatic act the definitive adhesion of the British Government, for British India, to the stipulations of the Treaty concerning the creation of a General Postal Union, concluded at Berne on the 9th of October, 1874, as well as to the dispositions of the detailed regulations for the execution of the Treaty.

Done at Berne, July 1, 1876.

For the Government of the United Kingdom of Great Britain and Ireland and for the Government of British India,

The Minister Resident of Her Britannic Majesty to the Swiss Confederation,
(L.S.) EDWIN CORBETT.

For the Swiss Federal Council in the name of the Members of the Union,
The President of the Confederation,
(L.S.) WELTI.

MISCELLANEOUS. No. 8 (1876).

(GENERAL POSTAL UNION.)

DECLARATION recording the Adhesion of British India to the General Postal Union of the 9th of October, 1874.

Signed at Berne, July 1, 1876.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

GREECE. No. 1 (1876).

AGREEMENT

BETWEEN THE

GOVERNMENTS

OF

GREAT BRITAIN AND GREECE

RELATIVE TO

MERCHANT SEAMEN DESERTERS.

Signed at Athens, August $\frac{7}{19}$, 1875.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1414.] *Price* 1*d.*

AGREEMENT between the Governments of Great Britain and Greece relative to Merchant Seamen Deserters.

Signed at Athens, August $\frac{7}{19}$, 1875.

THE Government of Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, and the Government of His Majesty the King of the Hellenes, being desirous, for the benefit of the commerce of the two countries, to facilitate the discovery, apprehension, and surrender of seamen who may desert from merchant-vessels of either country, on the basis of a full and entire reciprocity, have agreed as follows:—

It is mutually agreed that if any seamen or apprentices, not being slaves, should desert from any ship belonging to a subject of either of the Contracting Parties, within any port in the territories or in the possessions or colonies of the other Contracting Party, the authorities of such port and territory, possession or colony, shall be bound to give every assistance in their power for the apprehension and sending on board of such deserters, on application to that effect being made to them by the Consul of the country to which the ship of the deserter may belong, or by the deputy or representative of the Consul.

It is understood that the preceding stipulations shall not apply to subjects of the country where the desertion shall take place.

Each of the two High Contracting Parties reserves to itself the right of terminating this agreement at any time, on giving to the other a year's notice of its wish to that effect.

The present Agreement shall come into operation as soon as it has received the sanction of the Hellenic Chamber of Deputies.

In witness whereof Her Britannic Majesty's Chargé d'Affaires, and His Hellenic Majesty's Minister for Foreign Affairs, being duly authorized by their respective

LE Gouvernement de Sa Majesté la Reine du Royaume Uni de la Grande Bretagne et d'Irlande, et le Gouvernement de Sa Majesté le Roi des Hellènes, désirant, dans l'intérêt du commerce des deux pays, faciliter la recherche, l'arrestation, et la remise des marins déserteurs de la marine marchande des deux pays, sur la base d'une pleine et entière réciprocité, sont convenus de ce qui suit:—

Il est réciproquement convenu que toutes les fois qu'un marin ou un novice (apprentice), n'étant pas esclave, désertera d'un navire appartenant à un sujet de l'une des deux Parties Contractantes dans un port situé sur le territoire ou dans les possessions ou colonies de l'autre Partie Contractante, les autorités de ce port et de ce territoire, possession, ou colonie, seront tenues de prêter toute l'assistance en leur pouvoir pour l'arrestation et la remise à bord de semblables déserteurs, sur la demande qui leur sera adressée, à cet effet, par le Consul du pays auquel appartient le navire du déserteur, ou par le mandataire ou le répresentant de ce Consul.

Il est entendu que les précédentes stipulations ne s'appliquent pas aux sujets du pays où la désertion aura eu lieu.

Chacune des deux Hautes Parties Contractantes se réserve la faculté de mettre fin au présent Arrangement, en le dénonçant une année à l'avance.

Le présent Arrangement prendra son effet aussitôt qu'il aura été approuvé par la Chambre des Députés du Royaume Hellénique.

En foi de quoi le Chargé d'Affaires de Sa Majesté Britannique, et le Ministre des Affaires Etrangères de Sa Majesté Hellénique, dûment autorisés par leurs Gou-

Governments, have signed the present Agreement, and have affixed thereto the seal of their arms.

Done at Athens in duplicate, on the $\frac{7}{19}$th day of August, in the year of our Lord 1875.

(L.S.) EDWARD B. MALET.

(L.S.) CH. TRICOUPI.

vernements, ont signé le présent Arrangement, et y ont apposé le sceau de leurs armes.

Fait à Athènes en double expedition, le $\frac{7}{19}$ Août, l'an de grâce 1875.

(L.S.) EDWARD B. MALET.

(L.S.) CH. TRICOUPI.

GREECE. No. 1 (1876).

AGREEMENT between the Governments of Great Britain and Greece relative to Merchant Seamen Deserters.

Signed at Athens, August $\frac{7}{19}$, 1875.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:

PRINTED BY HARRISON AND SONS.

FOREIGN OFFICE

HAYTI. No. 1 (1876).

TREATY

BETWEEN

HER MAJESTY

AND THE

PRESIDENT OF THE REPUBLIC OF HAYTI

FOR THE

MUTUAL SURRENDER OF FUGITIVE CRIMINALS.

Signed at Port-au-Prince, December 7, 1874.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1385.] *Price* 1½*d.*

TREATY between Her Majesty and the President of the Republic of Hayti for the Mutual Surrender of Fugitive Criminals.

Signed at Port-au-Prince, December 7, 1874.

[*Ratifications exchanged at Port-au-Prince, September* 2, 1875.]

HER Majesty the Queen of the United Kingdom of Great Britain and Ireland, and His Excellency the President of the Republic of Hayti, having judged it expedient, with a view to a better administration of justice, and to the prevention of crime within the two countries and their jurisdictions, that persons charged with or convicted of the crimes hereinafter enumerated, and being fugitives from justice, should, under certain circumstances, be reciprocally delivered up;

Her Britannic Majesty and the President of Hayti have named as their Plenipotentiaries to conclude a Treaty for this purpose, that is to say:

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, Spenser St. John, Esq., Minister-Resident and Consul-General of Her Britannic Majesty in the Republic of Hayti and Her Chargé d'Affaires in the Dominican Republic;

And His Excellency the President of the Republic of Hayti, M. Surville Toussaint, ex-Senator;

Who, after having communicated to each other their respective full powers, found in good and due form, have agreed upon and concluded the following Articles:—

ARTICLE I.

The High Contracting Parties engage to deliver up to each other those persons who, being accused or convicted of a crime committed in the territory of the one Party, shall be found within the territory of the other Party, under the circumstances and conditions stated in the present Treaty.

ARTICLE II.

The crimes for which the extradition is to be granted, are the following:—

1. Murder, or attempt to murder.

SA Majesté la Reine du Royaume Uni de la Grande Bretagne et d'Irlande, et Son Excellence le Président de la République d'Haïti, ayant jugé convenable, en vue d'une meilleure administration de la justice, et pour prévenir les crimes dans les deux pays et leurs juridictions, que les individus accusés ou convaincus des crimes ci-après énumérés, et qui se seraient soustraits par la fuite aux poursuites de la justice, fussent, dans certaines circonstances, réciproquement extradés;

Sa Majesté Britannique et le Président d'Haïti ont nommé pour leur Plénipotentiaires à l'effet de conclure dans ce but un Traité, savoir:

Sa Majesté la Reine du Royaume Uni de la Grande Bretagne et d'Irlande, Spenser St. John, Ecuyer, Ministre-Résident et Consul-Général de Sa Majesté Britannique en la République d'Haïti et son Chargé d'Affaires près la République Dominicaine;

Et Son Excellence le Président de la République d'Haïti, M. Surville Toussaint, ex-Sénateur;

Lesquels, après s'être communiqué leurs pleins pouvoirs respectifs, trouvés en bonne et due forme, ont arrêté et conclu les Articles suivants:—

ARTICLE I.

Les Hautes Parties Contractantes s'engagent à livrer, l'une à l'autre, toute personne qui, étant prévenue, accusée, ou convaincue d'un crime commis sur le territoire de l'une des Parties, sera trouvée sur le territoire de l'autre Partie, et ce dans les circonstances et aux conditions spécifiées au présent Traité.

ARTICLE II.

Les crimes pour lesquels l'extradition doit être accordée sont les suivants:—

1. Meurtre, ou tentative de meurtre.

2. Manslaughter.
3. Counterfeiting or altering money, uttering or bringing into circulation counterfeit or altered money.
4. Forgery, or counterfeiting, or altering, or uttering what is forged or counterfeited or altered.
5. Embezzlement or larceny.
6. Obtaining money or goods by false pretences.
7. Malicious injury to property, if the offence be indictable.
8. Crimes against bankruptcy law.

9. Fraud by a bailee, banker, agent, factor, trustee, or director, or member or public officer of any company, made criminal by any law for the time being in force.

10. Perjury or subornation of perjury.
11. Rape.
12. Abduction.
13. Child-stealing.
14. False imprisonment.
15. Burglary or housebreaking.
16. Arson.
17. Robbery with violence.
18. Threats, by letter or otherwise, with intent to extort.
19. Piracy by law of nations.

20. Sinking or destroying a vessel at sea, or attempting or conspiring to do so.
21. Assaults on board a ship on the high seas with intent to destroy life, or to do grievous bodily harm.
22. Revolt or conspiracy to revolt by two or more persons on board a ship on the high seas, against the authority of the master.

The extradition is also to take place for participation in any of the aforesaid crimes, provided such participation be punishable by the laws of both the Contracting Parties.

ARTICLE III.

No Haytian shall be delivered up by the Government of Hayti to the Government of the United Kingdom, and no subject of the United Kingdom shall be delivered up by the Government thereof to the Government of Hayti.

ARTICLE IV.

The extradition shall not take place if the person claimed on the part of the Government of the United Kingdom, or the person claimed on the part of the Government of the Republic of Hayti, has already been tried and discharged, or punished, or is still under trial in Hayti or in the United Kingdom respectively, for the crime for which his extradition is demanded.

If the person claimed on the part of the

2. Homicide.
3. Contrefaction ou altération des monnaies, émission ou mise en circulation de la fausse monnaie ou de la monnaie altérée.
4. Le faux, la contrefaction, l'altération ou l'émission de ce qui est faussé, contrefait, ou altéré.
5. Détournement ou larcin.
6. Obtention d'argent ou de marchandises à l'aide de tromperie.
7. Dommages faits aux propriétés avec une intention criminelle.
8. Crimes contre la loi sur la banqueroute.
9. Fraude par un dépositaire, banquier, un agent, un courtier de commerce ; par un curateur, un directeur, un membre ou un officier public d'une compagnie quelconque, déclaré crime par le code pénal en vigueur.
10. Parjure ou subornation de témoins.
11. Viol.
12. Rapt.
13. Vol d'enfant.
14. Détention illégale.
15. Vol avec effraction.
16. Incendie.
17. Vol avec violence.
18. Menace par lettre, ou par tout autre moyen, avec l'intention d'extorquer.
19. Piraterie définie par le droit international.
20. Baraterie ou tentative de baraterie.

21. Attaque à bord d'un navire sur la haute mer avec intention de tuer ou de blesser quelqu'un.
22. Révolte ou complot par deux ou plusieurs personnes à bord d'un navire sur la haute mer contre l'autorité du capitaine.

L'extradition doit être aussi accordée contre tout complice des crimes ci-dessus énumérés, lorsque la complicité est punie par les lois des deux Parties Contractantes.

ARTICLE III.

Aucun Haïtien ne sera livré par le Gouvernement d'Haïti au Gouvernement du Royaume Uni, et aucun sujet du Royaume Uni ne sera livré par ce dernier au Gouvernement d'Haïti.

ARTICLE IV.

L'extradition n'aura pas lieu si la personne réclamée de la part du Gouvernement du Royaume Uni, ou la personne réclamée de la part du Gouvernement de la République d'Haïti, a déjà été jugée et acquittée ou condamnée, ou si elle est encore en jugement, soit en Haïti soit dans le Royaume Uni respectivement, et ce pour le crime en raison duquel son extradition est demandée.

Si la personne réclamée de la part du

Government of the United Kingdom, or if the person claimed on the part of the Government of the Republic of Hayti should be under examination for any other crime in Hayti or in the United Kingdom respectively, his extradition shall be deferred until the conclusion of the trial, and the full execution of any punishment awarded to him.

Gouvernement du Royaume Uni, ou si la personne réclamée de la part du Gouvernement de la République d'Haïti est sous le coup d'un interrogatoire judiciaire, soit en Haïti soit dans le Royaume Uni respectivement, pour tout autre crime que celui en raison duquel elle est réclamée, il sera différé à l'extradition jusqu'à ce que ce jugement soit prononcé, et, s'il y a condamnation, jusqu'à ce que la peine infligée soit entièrement subie.

ARTICLE V.

The extradition shall not take place if, subsequently to the commission of the crime, or the institution of the penal prosecution, or the conviction thereon, exemption from prosecution or punishment has been acquired by lapse of time, according to the laws of the State applied to.

ARTICLE V.

L'extradition n'aura pas lieu si, postérieurement à la perpétration du crime, à l'ouverture de la poursuite judiciaire, ou au jugement prononcé, les lois de l'Etat auquel la demande d'extradition est adressée couvrent la personne réclamée des effets de la prescription.

ARTICLE VI.

A fugitive criminal shall not be surrendered if the offence in respect of which his surrender is demanded is one of a political character, or if he prove that the requisition for his surrender has, in fact, been made with a view to try or punish him for an offence of a political character.

ARTICLE VI.

Un criminel fugitif ne sera pas livré si l'offense en raison de laquelle son extradition est demandée est d'un caractère politique, ou s'il prouve que cette extradition n'a réellement été réclamée que dans le but de le juger ou de le punir pour une cause d'un caractère politique.

ARTICLE VII.

A person surrendered can in no case be kept in prison, or be brought to trial in the State to which the surrender has been made, for any other crime or on account of any other matters than those for which the extradition shall have taken place.

This stipulation does not apply to crimes committed after the extradition.

ARTICLE VII.

Une personne rendue ne peut, en aucun cas, être détenue ou jugée dans l'Etat auquel son extradition a été accordée pour un autre crime, ou pour d'autres causes, que ceux qui ont motivé cette extradition.

Cette stipulation ne s'applique pas aux crimes commis postérieurement à l'extradition.

ARTICLE VIII.

The requisition for extradition shall be made through the Diplomatic Agents of the High Contracting Parties respectively.

The requisition for the extradition of an accused person must be accompanied by a warrant of arrest issued by the competent authority of the State requiring the extradition, and by such evidence as, according to the laws of the place where the accused is found, would justify his arrest if the crime had been committed there.

If the requisition relates to a person already convicted, it must be accompanied by the sentence of condemnation passed against the convicted person by the competent Court of the State that makes the requisition for extradition.

ARTICLE VIII.

Toute demande d'extradition sera faite par l'entremise des Agents Diplomatiques des deux Hautes Parties Contractantes respectivement.

La requisition de l'extradition d'une personne accusée doit être accompagnée d'un ordre d'arrestation émané de l'autorité compétente de l'Etat qui fait la demande d'extradition, et par les preuves qui établissent que, si la personne réclamée avait commis le même crime dont elle est prévenue dans l'Etat où elle est réfugiée, son arrestation serait ordonnée en vertu des lois du dit Etat.

Si la réquisition porte sur une personne déjà condamnée, elle doit être accompagnée du jugement rendu contre la dite personne par un Tribunal compétent de l'Etat qui réclame l'extradition.

A requisition for extradition cannot be founded on sentences passed *in contumaciam.*

Aucune demande d'extradition ne peut être basée sur les jugements rendus contre les personnes en état de contumace.

ARTICLE IX.

If the requisition for extradition be in accordance with the foregoing stipulations, the competent authorities of the State applied to shall proceed to the arrest of the fugitive.

The prisoner is then to be brought before a competent magistrate, who is to examine him, and to conduct the preliminary investigation of the case, just as if the apprehension had taken place for a crime committed in the same country.

ARTICLE IX.

Si la réquisition d'extradition est conforme aux stipulations énoncées ci-dessus, les autorités compétentes de l'Etat auquel elle est adressée procéderont à l'arrestation du fugitif.

Alors le prisonnier est amené par devant un magistrat compétent, qui l'interroge et fait toutes les investigations qui auraient lieu si l'arrestation était faite en raison d'un crime commis dans le pays même où s'opère l'arrestation.

ARTICLE X.

The extradition shall not take place before the expiration of fifteen days from the apprehension, and then only if the evidence be found sufficient, according to the laws of the State applied to, either to justify the committal of the prisoner for trial, in case the crime had been committed in the territory of the said State, or to prove that the prisoner is the identical person convicted by the Courts of the State which makes the requisition.

ARTICLE X.

L'extradition ne s'effectuera qu'après un délai de quinze jours à partir du jour de l'arrestation, et alors seulement si les preuves relevées par l'instruction préliminaire sont suffisantes pour justifier la détention des prisonnier, et le placer sous le coup des lois du pays où il est arrêté dans le cas où le crime dont il est prévenu y aurait été commis. Il faudra aussi que son identité soit prouvée, et qu'elle soit bien reconnu être celle qui est condamnée par les Tribunaux de l'Etat qui demande son extradition.

ARTICLE XI.

In the examinations which they have to make in accordance with the foregoing stipulations, the authorities of the State applied to shall admit as entirely valid evidence the sworn depositions or statements of witnesses taken in the other State, or copies thereof, and likewise the warrants and sentences issued therein, provided such documents are signed or certified by a Judge, magistrate, or officer of such State, and are authenticated by the oath of some witnesses, or by being sealed with the official seal of the Minister of Justice or some other Minister of State.

ARTICLE XI.

Dans les interrogatoires qu'elles ont à faire conformément aux stipulations ci-dessus les autorités de l'Etat auquel une demande d'extradition est faite admettront comme preuves entièrement valides toutes les dépositions ou déclarations de témoins assermentés provenant de l'autre Etat, ou copies de ces dernières, ainsi que tous les ordres et jugements qui auraient été publiés sur l'affaire relative à la personne réclamée, pourvu que tous les documents dont il est fait mention ci-dessus seront certifiés et signés par un Juge, un magistrat, ou un officier compétent de l'Etat qui fait la demande d'extradition. Ils seront déclarés authentiqués sous la foi du serment prêté par des témoins, ou scellés du sceau officiel du Ministre de la Justice ou de tout autre Ministre d'Etat.

ARTICLE XII.

If sufficient evidence for the extradition be not produced within two months from the date of the apprehension of the fugitive, he shall be set at liberty.

ARTICLE XII.

Si les preuves requises pour l'admission d'une demande d'extradition ne sont pas établies deux mois après la date du jour de l'arrestation du fugitif réclamé, ce dernier sera mis en liberté.

ARTICLE XIII.

All articles seized, which were in the possession of the person to be surrendered at the time of his apprehension, shall, if the competent authority of the State applied to for the extradition has ordered the delivery thereof, be given up when the extradition takes place, and the said delivery shall extend not merely to the stolen articles, but to everything which may serve as a proof of the crime.

ARTICLE XIII.

Lorsqu'une personne devra être rendue, tous les objets qui auraient été trouvés en sa possession, et qui auraient été saisis au moment de son arrestation, seront remis à la partie qui fait la demande d'extradition si l'autorité qui l'accorde en a décidé ainsi, et dans ce cas la remise comprendra non-seulement les objets volés, mais encore tout objet qui pourra servir à établir la conviction du criminel.

ARTICLE XIV.

The High Contracting Parties renounce any claim for the reimbursement of the expenses incurred by them in the arrest and maintenance of the person to be surrendered, and his conveyance till placed on board ship: they reciprocally agree to bear such expenses themselves.

ARTICLE XIV.

Les Hautes Parties Contractantes renoncent réciproquement à toute réelamation ayant pour but le remboursement des frais qu'elles feront pour l'arrestation et la détention de toute personne rendue jusqu'à la mise à bord d'un navire : elles subiront réciproquement toutes les dépenses de cette nature.

ARTICLE XV.

The stipulations of the present Treaty shall be applicable to the Colonies and foreign possessions of Her Britannic Majesty.

The requisition for the surrender of a fugitive criminal who has taken refuge in any of such Colonies or foreign possessions shall be made to the Governor or chief authority of such Colony or possession by the chief Consular Officer of Hayti in such Colony or possession.

Such requisitions may be disposed of, subject always, as nearly as may be, to the provisions of this Treaty, by the said Governor or chief authority, who, however, shall be at liberty either to grant the surrender, or to refer the matter to his Government.

Her Britannic Majesty shall, however, be at liberty to make special arrangements in the British Colonies and foreign possessions for the surrender of Haytian criminals, who may take refuge within such Colonies and foreign possessions, on the basis, as nearly as may be, of the provisions of the present Treaty.

The requisition for the surrender of a fugitive criminal from any Colony or foreign possession of Her Britannic Majesty shall be governed by the rules laid down in the preceding Articles of the present Treaty.

ARTICLE XV.

Les stipulations du présent Traité sont applicables aux Colonies et possessions étrangères de Sa Majesté Britannique.

Toute demande d'extradition relative à un criminel réfugié dans une des Colonies ou possessions étrangères dont il s'agit sera adressée au Gouverneur ou à la principale autorité de la dite Colonie ou possession par l'entremise du principal Officier Consulaire d'Haïti en la dite Colonie ou possession.

Les réquisitions de la catégorie ci-dessus indiquée se feront toujours, autant que possible, conformément aux règles établies dans le présent Traité, par le Gouverneur ou par la principale autorité, qui sera libre toutefois d'accorder l'extradition ou d'en référer à son Gouvernement.

Toutefois Sa Majesté Britannique sera libre de faire des arrangements spéciaux dans ses Colonies et possessions étrangères pour l'extradition des criminels Haïtiens, qui s'y refugieront, et ces arrangements, autant que possible, auraient pour base les règles établies par ce présent Traité.

La réquisition de l'extradition d'un criminel fugitif d'une des Colonies ou possessions étrangères de Sa Majesté Britannique sera assujettie aux règles consignées dans les Articles précédents du présent Traité.

ARTICLE XVI.

The present Treaty shall come into force ten days after its publication, in conformity with the forms prescribed by the laws of the High Contracting Parties. It may be terminated by either of the High Contracting Parties, but shall remain in force for six

ARTICLE XVI.

Le présent Traité sera en vigueur dix jours après qu'il aura été publié conformément aux prescriptions des lois des Hautes Parties Contractantes. Il pourra prendre fin par la volonté de l'une ou de l'autre des Hautes Parties Contractantes, mais dans ce dernier

months after notice has been given for its termination.

The President of the Republic of Hayti engages to apply to the Senate for the necessary authorization to give effect to the present Treaty, immediately after its meeting.

The present Treaty shall be ratified, and the ratifications shall be exchanged as soon as possible.

In witness whereof the respective Plenipotentiaries have signed the same, and have affixed thereto the seals of their arms.

Done at Port au Prince, the seventh day of December, in the year of our Lord one thousand eight hundred and seventy-four.

cas il continuera à rester en vigueur pendant six mois à partir du jour où l'une ou l'autre aura déclaré vouloir en faire cesser les effets.

Le Président de la République d'Haïti s'engage à demander au Sénat, immédiatement après son ouverture, l'autorisation nécessaire pour faire exécuter le dit Traité.

Le présent Traité sera ratifié, et les ratifications en seront échangées le plus tôt que faire se pourra.

En foi de quoi les Plénipotentiaires respectifs l'ont signé, et y ont apposé le cachet de leurs armes.

Fait à Port au Prince, le sept Décembre, l'an de grâce mil huit cents soixante-quatorze.

(L.S.) SPENSER ST. JOHN.

(L.S.) SURVILLE TOUSSAINT.

HAYTI. No. 1 (1876).

TREATY between Her Majesty and the President of the Republic of Hayti for the Mutual Surrender of Criminals.

Signed at Port-au-Prince, December 7, 1874.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

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TREATY

BETWEEN

HER MAJESTY

AND THE

REPUBLIC OF HONDURAS

FOR THE

MUTUAL SURRENDER OF FUGITIVE CRIMINALS.

Signed at Guatemala, January 6, 1874.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1386.] *Price* 1½*d.*

Treaty between Her Majesty and the Republic of Honduras for the Mutual Surrender of Fugitive Criminals.

Signed at Guatemala, January 6, 1874.

Ratifications exchanged at Guatemala, October 12, 1875.

HER Majesty the Queen of the United Kingdom of Great Britain and Ireland, and his Excellency the President of the Republic of Honduras, having judged it expedient, with a view to the better administration of justice and to the prevention of crime within the two conntries and their jurisdictions, that persons charged with or convicted of the crimes hereinafter enumerated, and being fugitives from justice, should, under certain circumstances, be reciprocally delivered up, have named as their Plenipotentiaries, to conclude a Treaty for this purpose (that is to say):—

Her Majesty the Queen of the United Kingdom of Great Britain and Ireland, Edwin Corbett, Esq., Her Majesty's Chargé d'Affaires and Consul-General to said Republic of Honduras, &c.;

And his Excellency the President of the Republic of Honduras, the Señor Don Augustin Gomez Carrillo, Deputy to the present Legislature of Guatemala, &c.;

Who, after having communicated to each other their respective full powers, found in good and due form, have agreed upon and concluded the following Articles:—

SU Majestad la Reyna del Reyno Unido de la Gran Bretaña é Irlanda, y su Excelencia el Presidente de la República de Honduras, habiendo juzgado conveniente, con la mira de mejorar la administracion de justicia y prevenir los delitos en ambos paises y sus jurisdicciones, que las personas acusadas ó convictas de los delitos que en seguida se enumeran, y que anden huyendo de la justicia, sean, bajo ciertas circunstancias, reciprocamente entregadas, han nombrado por sus Plenipotenciarios para concluir una Convencion al efecto:—

Su Majestad la Reyna del Reyno Unido de la Gran Bretaña é Irlanda, al Señor Don Edwin Corbett, su Encargado de Negocios y Consul-General en la mencionada República de Honduras, &c.;

Y Su Excelencia el Señor Presidente de la República de Honduras, al Señor Don Augustin Gomez Carrillo, Diputado á la actual Legislatura Guatemalteca, &c.;

Quienes, despues de haberse comunicado sus respectivos plenos poderes, y encontrádolos en buena y debida fórma, han ajustado y concluido los Articulos siguientes:—

ARTICLE I.

The High Contracting Parties engage to deliver up to each other those persons who, being accused or convicted of a crime committed in the territory of the one Party, shall be found within the territory of the other Party, under the circumstances and conditions stated in the present Treaty.

ARTICULO I.

Las Altas Partes Contratantes se comprometen á entregarse mutuamente las personas que, acusadas ó convictas de un delito cometido en el territorio de una de las Partes, se encuentren dentro del territorio de la otra Parte, bajo las circunstancias y con las condiciones espresadas en el presente Tratado.

ARTICLE II.

It is agreed that Her Britannic Majesty and his Excellency the President of Honduras shall, on requisition made in their name by their respective Diplomatic

ARTICULO II.

Se ha convenido en que Su Majestad Británica y su Excelencia el Presidente de Honduras, en virtud de requisicion hecha á su nombre por sus respectivos Agentes

Agents, deliver up to each other reciprocally any persons, except native subjects or citizens of the Party upon whom the requisition may be made, who, being accused or convicted, whether as a principal or an accessory, either before or after the fact, of any of the crimes hereinafter specified, committed within the jurisdiction of the requiring Party, shall be found within the territories of the other Party:—

1. Murder, or attempt or conspiracy to murder.
2. Manslaughter.
3. Counterfeiting or altering money, or uttering counterfeit or altered money.

4. Forgery, counterfeiting or altering, or uttering what is forged or counterfeited or altered.
5. Embezzlement or larceny.
6. Obtaining money or goods by false pretences.
7. Malicious injury to property, if the offence be indictable.
8. Crimes against Bankruptcy Law.

9. Fraud by a bailee, banker, agent, factor, trustee or director or member or public officer of any Company made criminal by any law for the time being in force.

10. Perjury or subornation of perjury.
11. Rape.
12. Abduction.
13. Child-stealing.
14. False imprisonment.
15. Burglary or housebreaking.

16. Arson.
17. Robbery with violence.
18. Threats by letter or otherwise, with intent to extort.
19. Piracy by law of nations.
20. Sinking or destroying a vessel at sea, or attempting or conspiring to do so.

21. Assaults on board a ship on the high seas with intent to destroy life or to do grievous bodily harm.
22. Revolt, or conspiracy to revolt, by two or more persons on board a ship on the high seas against the authority of the master.

Provided that the surrender shall be made only when, in the case of a person accused, the commission of the crime shall be so established as that the laws of the country where the fugitive or person so accused shall be found would justify his apprehension and commitment for trial if the crime had been there committed; and, in the case of a person alleged to have been convicted on such evidence as, according to

Diplomáticos, se entregarán reciprocamente cualesquiera personas, escepto subditos nativos ó ciudadanos de la Parte á quien se pide la estradicion, que siendo acusadas ó convictas, ya sea como principales ó como cómplices antes ó despues del hecho, de alguno de los delitos que aquí se especificarán, cometidos dentro de la jurisdiccion de la Parte requeriente, se encuentren dentro de los territorios de la otra Parte:—

1. Asesinato ó tentativa ó conspiracion para asesinar.
2. Homicidio.
3. Falsificacion ó alteracion de moneda, ó dar circulacion á moneda falsificada ó alterada.
4. Contrahacer, falsificar ó alterar, ó poner en circulacion lo que está falsificado, ó contrahecho ó alterado.
5. Hurto de uso ó hurto simple.
6. Estafa.

7. Perjuicio malicioso á la propiedad, si la ofensa es justiciable.
8. Delitos por bancarrotas contra la ley de quiebras.
9. Fraude cometido por un depositario de bienes, banquero, mandatario, comisionista, administrador de bienes ajenos, ó miembro ú oficial público de alguna Compañia, considerado el fraude como criminal por alguna ley vigente á la sazon.
10. Perjurio ó soborno para perjurar.
11. Fuerza.
12. Rapto.
13. Hurto de niños (plágio).
14. Prision indebida.
15. Hurto con escalamiento ó fractura, de dia ó durante la noche.
16. Incendio intencional.
17. Robo con violencia.
18. Amenazas por medio de cartas ó de otra manera, con ánimo de estorzionar.
19. Pirateria segun la ley de las naciones.
20. Echar á pique ó destruir un buque en el mar, ó esforzarse ó conspirar para hacerlo.
21. Asaltos á bordo de un buque en alta mar, con intencion de quitar la vida ó hacer otro daño grave corporal.
22. Sublevacion ó conspiracion para rebelarse por dos ó mas personas á bordo de un buque en alta mar contra la autoridad del maestre ó capitan.

Con la condicion de que la entrega se hará solamente cuando, en el caso de una persona acusada, la comision del crimen se establezca de tal modo que las leyes del pais donde se encuentre el fujitivo ó persona asi acusada, justifiquen su aprehension ó auto de prision para el juicio, como si el crimen hubiese sido cometido alli; y en el caso de una persona de quien se afirme haber sido convicta con tales

the laws of the country where he is found, would prove that he had been convicted.

testimonios que, segun las leyes del pais donde se halle, prueben que ha sido convicta en efecto.

ARTICLE III.

No Honduran as above stated shall be delivered up by the Government of Honduras to the Government of the United Kingdom, and no subject of the United Kingdom shall be delivered up by the Government thereof to the Government of Honduras.

ARTICULO III.

Ningun Hondureño como antes se ha indicado será entregado por el Gobierno de Honduras al Gobierno del Reyno Unido, y ningun súbdito del Reyno Unido será entregado por su Gobierno al Gobierno Hondureño.

ARTICLE IV.

The extradition shall not take place if the person claimed on the part of the Government of the United Kingdom, or the person claimed on the part of the Government of Honduras, has already been tried and discharged or punished, or is still under trial in the territory of the United Kingdom or of Honduras respectively for the crime for which his extradition is demanded.

If the person claimed on the part of the Government of the United Kingdom, or if the person claimed on the part of the Government of Honduras, should be under examination for any other crime in the territory of the United Kingdom or in the Republic of Honduras respectively, his extradition shall be deferred until the conclusion of the trial and the full execution of any punishment awarded to him.

ARTICULO IV.

La estradicion no tendrá lugar si la persona reclamada por parte del Gobierno del Reyno Unido, ó la persona reclamada por parte del Gobierno de Honduras, ha sido ya juzgada y absuelta ó castigada, ó está aun procesándose en territorio del Reyno Unido ó de Honduras respectivamente, por el delito por el cual se pide su estradicion.

Si la persona reclamada por parte del Gobierno del Reyno Unido, ó si la persona reclamada por parte del Gobierno de Honduras, estuviese sometida á juicio por algun otro delito en territorio del Reyno Unido ó en la República de Honduras respectivamente, se diferirá su estradicion hasta la conclusion del juicio y la plena ejecucion de cualquiera castigo á que fuese condenada.

ARTICLE V.

The extradition shall not take place if, subsequently to the commission of the crime, or the institution of the penal prosecution or the conviction thereon, exemption from prosecution or punishment has been acquired by lapse of time, according to the laws of the State applied to.

ARTICULO V.

La estradicion no tendrá lugar si subsiguientemente á la comision del delito ó al comienzo del proceso ó á la conviccion del reo, se ha adquirido la esencion de prescripcion con el transcurso del tiempo, segun las leyes del Estado á quien se hace el reclamo.

ARTICLE VI.

A fugitive criminal shall not be surrendered if the offence in respect of which his surrender is demanded is one of a political character, or if he prove that the requisition for his surrender has, in fact, been made with a view to try or punish him for an offence of a political character.

ARTICULO VI.

El reo prófugo no será entregado si la ofensa por la cual se pide su entrega es de un caracter político, ó si prueba que la requisicion para entregarlo se ha hecho en efecto con la mira de juzgarlo ó castigarlo por una ofensa de un caracter político.

ARTICLE VII.

A person surrendered can in no case be kept in prison or be brought to trial in the State to which the surrender has been made, for any other crime, or on account of any other matters, than those for which the extradition shall have taken place. This stipulation does not apply to crimes committed after the extradition.

ARTICULO VII.

Una persona entregada no podrá en ningun caso ser mantenida en prision ó procesada en el Estado á quien se ha hecho la entrega, por ningun otro delito ó por ninguna otra causa que aquella por la cual la estradicion ha tenido lugar. Esta estipulacion no se aplica á crimenes que se cometan despues de la estradicion

ARTICLE VIII.

The requisition for extradition shall be made through the Diplomatic Agents of the High Contracting Parties respectively.

The requisition for the extradition of an accused person must be accompanied by a warrant of arrest issued by the competent authority of the State requiring the extradition, and by such evidence as, according to the laws of the place where the accused is found, would justify his arrest if the crime had been committed there.

If the requisition relates to a person already convicted, it must be accompanied by the sentence of condemnation passed against the convicted person by the competent Court of the State that makes the requisition for extradition.

A requisition for extradition cannot be founded on sentences passed *in contumaciam*.

ARTICULO VIII.

La requisicion para la estradicion se hará por medio de los Agentes Diplomaticos de las Altas Partes Contratantes respectivamente.

La requisicion para la estradicion de una persona acusada debe ir acompañada de una órden de prision dada por la autoridad competente del Estado que pide la estradicion, y fundada en tales testimonios que segun las leyes del lugar donde se encuentre el acusado, justifiquen su apresamiento como si el delito hubiese sido cometido allí.

Si la requisicion se refiere á una persona ya convicta, debe ir acompañada de la sentencia de condena pronunciada contra la persona convicta por el Tribunal competente del Estado que hace la requisicion para la estradicion.

Una demanda de estradicion no puede fundarse en sentencias proferidas en contumacia.

ARTICLE IX.

If the requisition for extradition be in accordance with the foregoing stipulations, the competent authorities of the State applied to shall proceed to the arrest of the fugitive.

The prisoner is then to be brought before a competent Magistrate, who is to examine him and to conduct the preliminary investigation of the case, just as if the apprehension had taken place for a crime committed in the same country.

ARTICULO IX.

Si la demanda de estradicion está de acuerdo con las precedentes estipulaciones, las autoridades competentes del Estado á quien se dirije la requisicion procederán al arresto del fujitivo.

El prisionero será conducido entonces ante la autoridad competente, que debe examinarlo y hacer la investigacion preliminar del caso, tal como si la captura hubiese tenido lugar por un delito cometido en el mismo pais.

ARTICLE X.

The extradition shall not take place before the expiration of fifteen days from the apprehension, and then only if the evidence be found sufficient, according to the laws of the State applied to, either to justify the committal of the prisoner for trial, in case the crime had been committed in the territory of the said State, or to prove that the prisoner is the identical person convicted by the Courts of the State which makes the requisition.

ARTICULO X.

La estradicion no tendrá lugar antes de pasados quince dias desde la captura, y entonces solamente si los testimonios se encuentran suficientes, segun las leyes del Estado á quien se hace la requisicion, ya sea para justificar la sujecion del prisionero á juicio en caso que el crimen hubiese sido cometido en territorio de dicho Estado, ó para probar la identidad de la persona convicta por los Tribunales del Estado que hace la requisicion.

ARTICLE XI.

In the examination which they have to make in accordance with the foregoing stipulations, the authorities of the State applied to shall admit as entirely valid evidence the sworn depositions or statements of witnesses taken in the other State, or copies thereof, and likewise the warrants and sentences issued therein, provided such documents are signed or certified by a Judge,

ARTICULO XI.

En el examen que tienen que hacer de conformidad con las precedentes estipulaciones, las autoridades del Estado á quien se haga la peticion, admitirán como prueba plena el testimonio y declaraciones bajo juramento recibidas de testigos en el otro Estado, ó cópias de los mismos, como igualmente los autos de prision y sentencias dadas en él, siempre que tales documentos

Magistrate, or officer of such State, and are authenticated by the oath of some witness, or by being sealed with the official seal of the Minister of Justice or some other Minister of State.

ARTICLE XII.

If sufficient evidence for extradition be not produced within two months from the date of the apprehension of the fugitive, he shall be set at liberty.

ARTICLE XIII.

All articles seized which were in the possession of the person to be surrendered at the time of his apprehension shall, if the competent authority of the State applied to for the extradition has ordered the delivery thereof, be given up when the extradition takes place; and the said delivery shall extend, not merely to the stolen articles, but to everything that may serve as a proof of the crime.

ARTICLE XIV.

The High Contracting Parties renounce any claim for the reimbursement of the expenses incurred by them in the arrest and maintenance of the person to be surrendered and his conveyance till placed on board ship; they reciprocally agree to bear such expenses themselves.

ARTICLE XV.

The stipulations of the present Treaty shall be applicable to the Colonies and foreign possessions of Her Britannic Majesty.

The requisition for the surrender of a fugitive criminal who has taken refuge in any of such Colonies or foreign Possessions shall be made to the Governor or chief authority of such Colony or Possession by the Chief Consular Officer of the Republic Honduras in such Colony or Possession.

Such requisition may be disposed of (subject always, as nearly as may be, to the provisions of this Treaty) by the said Governor or chief authority, who, however, shall be at liberty either to grant the surrender or to refer the matter to his Government.

Her Britannic Majesty shall, however, be at liberty to make special arrangements in the British Colonies and foreign Possessions for the surrender of Honduran criminals who may take refuge within such Colonies and foreign Possessions, on the basis, as nearly as may be, of the provisions of the present Treaty.

estén firmados ó certificados por un Juez, Magistrado ú oficial de dicho Estado, y estén autenticados por algun testigo juramentado, ó que estén sellados con en sello oficial del Ministro de la Justicia ó algun otro Ministro de Estado.

ARTICULO XII.

Si despues de dos meses de solicitada la estradicion no se hubiere aducido prueba bastante que justifique la captura del fujitivo, se le pondrá en libertad; contados esos dos meses desde la captura del fugitivo.

ARTICULO XIII.

Cualesquiera articulos embargados que al tiempo de la captura de la persona que se ha de entregar, estén en su posesion, si la autoridad competente del Estado requerido para la estradicion ha ordenado la entrega de la persona, serán entregados al tiempo de verificarse aquella; y dicha entrega se estenderá no solamente á los articulos robados, sino á todo lo que pueda servir como prueba del crimen.

ARTICULO XIV.

Las Altas Partes Contratantes renuncian á cualquier reclamo para el reembolso de los gastos hechos en la captura y mantenimiento de la persona que ha de entregarse y en su conduccion hasta ponerle á bordo del buque; se comprometen reciprocamente á hacer ellas mismas tales gastos.

ARTICULO XV.

Las estipulaciones del presente Tratado serán aplicables á las Colonias y posesiones estrangeras de Su Majestad Británica.

La requisicion para la entrega de un criminal fujitivo que se ha refujiado en alguna de tales Colonias ó posesiones estrangeras, se hara al Gobernador ó principal autoridad de tal Colonia ó posesion, por el principal Agente Consular de la República de Honduras en dicha Colonia ó posesion.

Podrá darse curso á semejantes requisiciones, sujetándose siempre lo mas aproximadamente posible á lo prevenido en este Tratado, por dicho Gobernador ó principal autoridad, quien, sin embargo, estará en libertad de conceder la entrega ó deferir el negócio á su Gobierno.

Su Majestad Británica quedará, sin embargo, en libertad de hacer arreglos especiales en las Colonias Británicas y posesiones estrangeras para la entrega de los criminales Hondureños que puedan refujiarse dentro de tales Colonias y posesiones estrangeras, sobre la base, lo mas aproximadamente posible, de las estipulaciones del presente Tratado.

The requisition for the surrender of a fugitive criminal from any Colony or foreign Possession of Her Britannic Majesty shall be governed by the rules laid down in the preceding Articles of the present Treaty.

La requisicion para la entrega de un criminal fujitivo de alguna Colonia ó posesion estrangera de Su Majestad Británica estará sujeta á las reglas establecidas en los Articulos precedentes del presente Tratado.

ARTICLE XVI.

The present Treaty shall come into force ten days after its publication, in conformity with the forms prescribed by the laws of the High Contracting Parties. It may be terminated by either of the High Contracting Parties, but shall remain in force for six months after notice has been given for its termination.

The Treaty shall be ratified, and the ratifications shall be exchanged at Guatemala, in twelve months counted from this day.

In witness whereof the respective Plenipotentiaries have signed the same, and have affixed thereto the seal of their arms.

Done at Guatemala, the sixth day of the month of January, in the year of Our Lord one thousand eight hundred and seventy-four.

(L.S.) EDWIN CORBETT.
(L.S.) AG^{N}. GOMEZ CARRILLO.

ARTICULO XVI.

El presente Tratado comenzará á rejir diez dias despues de su publicacion, de conformidad con las formas prescritas por las leyes de las Altas Partes Contratantes. Puede ponérsele término por cualquiera de las Altas Partes Contratantes, peró permanecerá vigente por seis meses despues de haberse dado aviso para su terminacion.

El Tratado será ratificado, y las ratificaciones cangeadas en Guatemala dentro de doce meses contados desde el dia de hoy.

En fé de lo cual, los respectivos Plenipotenciarios lo han firmado, y lo han puesto sus sellos.

Hecho en Guatemala, á los seis dias del mes de Enero del año del Señor mil ochocientos setenta y cuatro.

(L.S.) AG^{N}. GOMEZ CARRILLO.
(L.S.) EDWIN CORBETT.

HONDURAS. No. 1 (1876).

Treaty between Her Majesty and the Republic of Honduras for the Mutual Surrender of Fugitive Criminals.

Signed at Guatemala, January 6, 1874.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
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HONDURAS. No. 2 (1876).

CORRESPONDENCE

WITH

SEÑOR GUTIERREZ

ON THE SUBJECT OF THE

REPORT

OF THE

SELECT COMMITTEE OF THE HOUSE OF COMMONS

ON

FOREIGN LOANS.

Presented to both Houses of Parliament by Command of Her Majesty,
1876.

LONDON:
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Correspondence with Señor Gutierrez on the subject of the Report of the Select Committee of the House of Commons on Foreign Loans.

No. 1.

Señor Gutierrez to Earl of Derby.—(*Received October* 20.)

(Translation.)

My Lord, *Honduras Legation, London, September* 20, 1875.

I HAVE before me the Report which the Select Committee of the House of Commons, appointed on the 1st of March of the present year, to investigate the antecedents in regard to some foreign loans, presented to the British Parliament on the 29th of July last.

I have read with great attention that part of the said Report which the Select Committee devotes to the loans contracted in the name of the Republic of Honduras, for the purpose of constructing an interoceanic railway across its territory. Those loans have been the special, favourite, and almost exclusive subject both of the Select Committee's investigations and of its Report.

I have taken particular notice of the censure which the Select Committee passes, at page XXIV of the Report, on my official acts connected with the Honduras Loans, and I have paid attention to all the charges brought forward to justify it.

I have read most of the articles in the London newspapers, recently written, and commenting on the Report of the Select Committee, and I have observed that they almost unanimously abuse my name, and the name of the country which I represent, taking as their ground the revelations made by the Select Committee, and pourtraying me as the principal instigator in the operations and mischances of those loans, in such capricious and fantastic colours that I can hardly recognize my own likeness, disguised as it is in the sombre hues of those pictures.

And, finally, I have taken note of the question put by Sir J. Lubbock in Parliament on the 9th of August, in regard to the effect of the Select Committee's Report on my diplomatic position at this Court as Minister of the Republic of Honduras. I was present in the House and heard the very appropriate and very fair answer given to Sir J. Lubbock by the Hon. Mr. Bourke, Under-Secretary of State, in your Excellency's name, and in the name of Her Britannic Majesty's Government.

It is now my painful duty, my Lord, to call your Excellency's attention, and the attention of Her Britannic Majesty's Government, to the partiality with which the investigation of the facts relating to the loans of the Republic of Honduras has been conducted and pursued in the Select Committee, and, above all, it is painful for me to take notice of the aggressive unfairness with which my name has been treated from the 23rd of February last, when Sir Henry James constituted himself my accuser in the British House of Commons, up to the time when, as self-appointed impeacher of my actions, he introduced the censure which figures against me in the Report which he drew up respecting the Honduras Loans, a Report which was accepted by a trifling majority in the Select Committee.

But it is at the same time a task far beyond my strength—even with the aid of a tranquil conscience, and the moral conviction that I have not failed in the strict and honourable fulfilment of my official duties—to contend against a Report presented by a Select Committee of the British House of Commons, partial and anomalous as it is, having before me a question arbitrarily prejudged, and of which the English press has availed itself to augment the gravity of the charges against my Government and against me, to a hyperbolical degree, by adding to the unwarranted censure of the Committee all the exaggerations which can be invented by calumny under the protection of assured impunity.

To judge from the first move of Sir Henry James, in his speech on the 23rd of February; to judge from the choice of certain witnesses to give evidence before the Select Committee; to judge from the abuse of my name in the course of the investi-

gations; and to judge from the wording, the drift, the eagerness of the censure, embodied in the Report of the Select Committee, it might be believed, my Lord, that the Select Committee was proposed, and had for its sole object and sole intent, to pass a preconceived censure upon my public and private character; or that I was singled out as an expiatory victim, to be flung as such to the public and to the press for the purpose of withdrawing attention from the real cause of all the evils which the Select Committee was able to discover in their full extent, and might possibly prevent in future; a real cause, at whose magnitude, gravity, complication, and origin, perhaps the Select Committee itself, at the same time, found serious and solid reason to stand aghast.

With all my efforts I was not able to collect within a certain time the whole of the materials to assist the Select Committee in discovering the truth with regard to the affairs of the Honduras Loans, and to confute some of the evidence given by prejudiced witnesses. Sir Henry James, in his speech on the 23rd of February, with the unquestionable talent of the advocate who seeks to counteract any defence on the adverse side, by directing observation to the external circumstances in order to pass by the principal ground of the matter, but certainly not with the reserve and courtesy which generally distinguish members of the British Parliament, placed me in such an embarrassing position, that I either had to renounce the dignity and the duties inherent in the Minister of an independent State, recognized by Her Britannic Majesty's Government, and to appear voluntarily as a defendent before a Committee which did not possess the attributions of a competent tribunal to try my official acts; or I had to assume the passive attitude which I did assume, and restrict myself to communicate with the Select Committee through your Excellency; thus maintaining the dignity of my Government, which, like every independent Government, so long as it can preserve the last shred of its independence, will not recognize any other channel for its relations with the Government of a foreign State, however great and powerful that State may be, nor any other channel to receive reclamations and complaints of an international character, than that of the Ministers of State and of Foreign Affairs of the respective nations, or that of their subordinates duly accredited.

In spite of all these disadvantages, my Lord, and of such harsh and personal attacks upon myself and the country which I represent, both at the sittings of the Select Committee and in the press—attacks which exhibit a total want of consideration for the weak on the part of the strong, and in which the grandeur of the powerful British Press decends to the lowest grade of personal vituperation against a Foreign Minister who has no means of resistance against such united forces—in spite of all these disadvantages, I say again, my Lord, I address your Excellency with confidence, in order to refute the charges and censures of the Select Committee against and upon my official acts; and, at the same time, to assert important facts, the omission of which in the report of the Committee shows marked partiality and injustice, and the knowledge of which is of absolute necessity in forming a definitive opinion, founded, at least, on truth and common sense.

I expect from the uprightness and impartiality of Her Britannic Majesty's Government and of your Excellency, that the observations and refutations which I propose to submit to your Excellency in this communication will meet with due consideration, and that they will convince your Excellency of the injustice of the charges brought against my official acts as a censure by the Select Committee in the report which it has presented to the House of Commons—a censure which at the same time is an affront to the country which I represent, that country having authorized and sanctioned those acts.

The first point to which I would very specially call your Excellency's attention, is that the Select Committee entirely passes over the international importance of the railway across the territory of Honduras, and that importance is the mainspring, the groundwork, and the sole object which induced the Honduras Government to have recourse to the public in Europe for the purpose of obtaining funds for the construction of the interoceanic road. The Select Committee likewise passes over the sylvan and mineral wealth of Honduras, and the value of its waste lands; productive sources which, when duly worked, are more than sufficient to meet the nominal amount of the loans which the Republic has brought into the market for the construction of the railway.

These two important points having been set aside intentionally, or by unfortunate coincidence, the Select Committee directs its whole attention to the loans contracted, and to the examination of the operations to which they gave rise; and, from the various miscarriages of those operations, endeavours, it seems, to draw the conclusion that the loans were issued in bad faith, with the premeditated intention of deceiving the European public; that the Interoceanic Railway was a myth, or an invention of the Honduras Minister in London, to give him a plausible motive for the issue of those loans; that the Honduras Government was at the same time instigator and accomplice in those loans,

intended only to enrich some persons who conducted or supported those operations, and to deceive and sacrifice the English and French shareholders by false hypotheses; that as the Republic of Honduras has neither population nor revenues sufficient to enable it to pay even a twentieth part of the interest of those loans, therefore the Honduras Government in ordering those loans, and its agents in asking the public in Europe for them, were actuated by bad faith, and authorized a public imposition, scandalously abusing the credulity of the lenders. D. Carlos Gutierrez, Minister of Honduras in London since the year 1860, appears as the inventor, producer, promoter, director, and mainspring who set in motion all the complicated mechanism to obtain the results which are censured. But, really and truly, neither has the Republic of Honduras the means at disposal for the production of mainsprings of such famous temper and power, nor is it possible to parody the problem of Archimedes more absurdly than by representing the project of a railway, of which the importance is called in question, as the fulcrum, the Government of a little Republic in Central America as the powerful lever, and the Minister of that Republic in London as an omnipotent force, moving at will the colossal monetary world of the City of London, with its Exchange, its watchful Press, its experience in business, its shrewdness, and its speculative talent. And yet, my Lord, such is the gist of the articles in the most respectable London newspapers, written after studying the investigations, proceedings, and report of the Select Committee in regard to the Honduras Loans.

The first and most important question which presents itself, my Lord, is that of ascertaining whether the project of an interoceanic railway across the Republic of Honduras is or is not a grand enterprise of universal importance for the maritime commerce of nations; whether that enterprise is practicable without extraordinary difficulties, and whether, after the interoceanic line is constructed and set to work, it will be sufficiently productive to cover the expenses of its construction and the interest upon the capital employed; at the same time rendering an immense service to the maritime commerce of nations, and serving as a means to make available the immense natural wealth of the almost unpeopled and virgin territory of the Republic of Honduras?

The second question which has to be elucidated and settled is, whether the territory of the Republic of Honduras is really so enormously rich in its inexhaustible forests and its mines as has been announced to the public, and whether those sources of production are worth the investment of the necessary capital to work them?

When the truth of these two fundamental points shall have been established, another question will arise—namely, Is it, for example, allowable for the owner of a domain exuberant in natural wealth as yet unemployed, to contract loans in proportion to the natural wealth which he can make available by the application of the loans, even if he only depends for the repayment thereof on the future results of the operations which he contemplates? Is it allowable for the owner of a mine, or of any other property previously recognized as extremely valuable, but who has no means of guarantee or of responsibility other than the property itself, is it allowable for that owner to contract reasonable loans to enable him to work the mine or to cultivate the property?

Undoubtedly, my Lord, your Excellency and Her Britannic Majesty's Government will not for a moment call in question the legitimacy of operations based on such antecedents, for the immense industrial wealth of Great Britain in a great measure rests upon the legitimacy of such operations founded upon the association, the co-operation, the credit, and the beneficent protection afforded by capital applied to the development of industry in any part of the world where a new field for its exercise and development presents itself.

So that when once the truth of those capital points referred to is demonstrated, namely, the international importance of the Interoceanic Railway of Honduras, its practicability, and the satisfactory calculation of its revenues when constructed; and, moreover, the exuberant sylvan and mineral wealth of Honduras, even admitting and acknowledging loyally and frankly beforehand that the Honduras Government can hardly reckon at present upon sufficient revenue to pay the expenses connected with its internal government under normal circumstances; and even admitting, what no one doubts, namely, that the territory of Honduras is well-nigh unpeopled in proportion to its extent; when, I repeat, the truth of those two capital points is demonstrated, it cannot but be acknowledged that the Honduras Government had a highly legitimate and commendable reason to have recourse to foreign loans for the construction of the Interoceanic Railway, and for rendering the natural riches of its territory available; knowing perfectly well beforehand that it would not be able to pay the very high interest of those loans until after the line of railway had begun to work, and the natural riches contiguous to the line had been made available.

Those two capital points once acknowledged, which are the basis of the whole edifice,

and which the Select Committee in its report, and the majority of the London newspapers pass over altogether; then all the insinuations of the Select Committee and the accusations of the press, directed against the good faith of the Honduras Government in ordering those loans, and against the good faith of the undersigned Minister in executing its orders in London, so far as he was concerned, fall by their own weight for want of sufficient foundation, because they are based on false premises and malignant assertions.

And now, my Lord, I will demonstrate to your Excellency, not on my own authority, because I am not an engineer, nor a mineralogist, nor an agriculturist; nor yet on the authority of my fellow countrymen who know the country, but who might be misled by love of their native land; but on the authority of impartial men, of engineers and experienced persons from Europe and the United States, some of them sent to Honduras to report on the Interoceanic Railway and the territory of that country by Her Britannic Majesty's Government itself; I will now, I say, demonstrate to your Excellency that the project of an interoceanic railway across Honduras, and the sylvan and mineral wealth of the territory, possess real and effective importance more than sufficient to justify and warrant the necessary loans for the construction of the railway, and that therefore, whatever may have been the miscarriages or misfortunes that those loans have met with, it is a calumny to impute to the Honduras Government and its direct agents false pretexts and bad faith in contracting the said loans.

In order to enable your Excellency to consult the various important authorities which I intend to refer to, I have the honour of transmitting to your Excellency the annexed list (Appendix A) of a variety of works, memoirs, and pamphlets relating to the Honduras Interoceanic Railway, and to the sylvan and mineral wealth of that Republic, and I also send the works themselves in six volumes of print. Long before the undersigned was appointed Minister of Honduras in London, the great importance and practicability of the Honduras line of railway had been studied and acknowledged by competent engineers of England and the United States, as your Excellency will be able to see in the report presented by the General Agent for the survey of the line, E. G. Squier, which was published in August, 1858, and is contained in Vol. I. of those which I send. The other reports contained in that volume, up to the 9th inclusively, prove the importance of the railway, and give every particular that can be desired to show that it is an enterprise of immense utility to commerce in general. The ninth report in the same volume, by Charles Seymour, based on an examination and survey of the line made recently in 1874–75, confirms the previous reports, and describes in detail the present state of the railway. The printed statement presented by the Secretary of this Legation to the Select Committee on Foreign Loans, on the 8th of April last, has an Appendix, No. 1, which is a letter from Her Britannic Majesty's Vice-Consul at Comayagua, W. F. Bain, Esq., Manager of the Railway, dated February 12, 1875, saying that the section of the railway already constructed "is in the best state, and the traffic goes on uninterruptedly with the most satisfactory result." Yet, notwithstanding that recent letter, the contents of which were in possession of the Select Committee, that Committee states in its Report, page xxi., that the part of the railway already constructed "is now closed and abandoned," because a witness told the Select Committee so (Q. 1766). I call your Excellency's attention very specially to this point, because it shows the futile importance attached to much of the evidence given by some witnesses before the Select Committee, and it shows likewise that the Report of the Select Committee is based on *ex parte* and untenable evidence. In confutation of the witness's assertion (Q. 1766) that the section of the railway already constructed is abandoned, I submit to your Excellency not only the letter of the British Vice-Consul, Mr. Bain, dated February 12, which says the contrary, but also the report of Charles Seymour, Esq., Chief Engineer, dated February 5 of the present year.

That same statement of the Secretary of this Legation, presented to the Select Committee, has another Appendix, No. 2, which is an important communication addressed to the Right Hon. Earl Russell, Her Majesty's Principal Secretary of State for Foreign Affairs, dated in March, 1860, and signed by W. Brown, M.P., R. W. Crawford, M.P., J. P. Heywood (Heywood, Kennards, and Co., Lombard Street), C. Holland, President of the Liverpool Chamber of Commerce, F. S. G. Kirkpatrick, Abraham Darby, Joseph Robinson, and Charles F. Multon. This communication shows the favourable opinion held by those gentlemen in regard to the Honduras Interoceanic Railway, and proves by trustworthy statements quite the contrary of the evidence given by some witnesses before the Select Committee in depreciation of the importance of that work.

In Vol II., which I send to your Excellency, there are six important memoirs by various authors, all bearing unanimous witness to the universal utility of the Honduras Railway, and the natural wealth of that Republic.

In Vol III., which I also send, your Excellency will be able to see what the traveller,

William Wells, says of the great sylvan and mineral wealth of Honduras in his work published in 1857; and what is said by two other authors in two other memoirs contained in the volume, both in regard to the importance of the railway and the natural riches of Honduras.

Vol IV. is a compendium of E. G. Squier's work, which was published in 1856, and reprinted in 1870. It contains the most interesting proofs of the importance of the railway line and of the sylvan and mineral wealth of the Republic.

Vol. V. contains six memoirs, confirming the same facts, and amongst them are the important opinions of Michel Chevalier and Captain Robert Fitzroy, R.N. I would call your Excellency's attention to the following words of Michel Chevalier, in regard to Honduras and its railway:—"It is a misfortune (he says) and a disgrace to modern civilization, that countries so interesting, so advantageously situated, so favoured by nature, should remain lost and useless to mankind." And Captain Fitzroy, R.N., says in his memoir presented to Lord Clarendon in 1856, by the Hon. William Brown, M.P., as follows:—"The pamphlet which I annex shows that various ways of communication have been examined by the author of this paper, who now wishes to add, that the line across Honduras, recently proposed, appears to him more promising as an important permanent work than any other railway that has hitherto been proposed across the isthmus."

In Volume VI., besides the Spanish edition of the Historical Account of the Honduras Loans, written in December, 1874, and printed in London, January 1, 1875, and its translation into English for presentation to the Select Committee, printed in March, 1875, your Excellency will find a memoir, recently written in Honduras, by R. G. Huston, C.E., and printed at Cincinnati in February last. That memoir likewise confirms the importance of the Interoceanic Railway and the natural riches of Honduras.

In face of so many and such important reports, my Lord, all unanimously bearing witness to the universal importance of the Honduras Railway and the natural riches of that Republic, your Excellency will be able to judge, with full knowledge of the case and with the impartiality worthy of your Excellency, whether the Honduras Government had not more than sufficient reasons to solicit from the European public in good faith the necessary capital for the construction of the Interoceanic Railway, and for the development of the natural riches of the country; and whether that Government and its direct agents can be justly accused of having proceeded in bad faith in soliciting those loans, whatever may have been the results obtained.

Your Excellency will be able to judge of some of the evidence given by ill-disposed witnesses before the Select Committee, and upon which its report is in a great measure founded, when there was one witness who declared, on the 22nd of March, before the Select Committee, that "Honduras was the most God-forsaken country he had ever seen." Your Excellency will be able to judge whether I have taken a prominent part with regard to the loans for the railway, when the accompanying documents prove that the surveys of the lines were finished as long ago as the year 1858, when Her Britannic Majesty's Government itself had considered the importance of that projected international road, had sent engineers to survey it, and had entered into treaties to guarantee its neutrality, and I only began to have very secondary official connection with the loans for the work in 1867, that is ten years afterwards.

The Select Committee attributes to me the most prominent part in all the transactions connected with the Honduras Loans—namely,

The loan of 1867, contracted in London, for £1,000,000 nominal.
The loan of 1869, contracted in Paris, for £2,490,108 nominal.
The loan of 1870, contracted in London, for £2,500,000 nominal.

Moreover, the said Committee attributes to me the project of two other loans, one attempted in London for the Ship Railway, and the other attempted in Paris by Captain Pim and Mr. Kerferd.

If the active part which is attributed to me were deduced from the number of documents which I had to authorize with my signature in the name and by authority of my Government, or from the abuse which was made of my name, mixing it up perforce in those transactions as if I personally had been the contracting State, then perhaps there might be some apparent reason for the assumption.

But even from the simple examination of the documents which I authorized with my signature, it may be deduced that my authorization was simply by procuration for my Government, and not from my personal initiative; for in the principal documents, especially in those which I only signed in the name of my Government since the year 1870, there is a clause before or after my signature, which, with slight alterations, runs as follows: "It is expressly declared and agreed that nothing contained in these presents shall make Señor Gutierrez responsible with regard to this contract, or the stipulations or

provisions therein contained, inasmuch as he executes this deed in his representative capacity as Minister of the Republic of Honduras, and in service of the interests of the said Republic, and not by any means in his own name personally."

I must call your Excellency's attention to the fact that, before the year 1856, the Minister of Honduras at Paris, Señor Herran, and the Special Commissioner of the Honduras Government, Señor D. Leon Alvarado, were engaged in Europe, in the name of the Honduras Government, with the promotion of the Interoceanic Railway. In Vol. II. of the memoirs which I send, at page 33 of the memoir written by Señor Herran, your Excellency will find a copy of a letter dated August 17, 1856, addressed from Vienna to the said Minister by the learned German Dr. Carl Scherzer, respecting the Honduras Railway. The same Minister, Señor Herran, signed on the 22nd of August, 1856, the Treaty of Friendship and Commerce with Her Britannic Majesty's Government, transferring the Islands of the Bay and the Mosquito Territory, and guaranteeing the neutrality of the railway across Honduras. In all the negotiations from that date for the purpose of constructing the Interoceanic Railway, whether by means of a company, or by means of loans in the name of the Honduras Government, Señor Herran, the Minister at Paris, and Señor D. Leon Alvarado, the Commissioner of the Government, took the initiative and active part up to the year 1870.

The arrangement of the Federal debt was effected by Señor Alvarado in person, and the bonds were signed by Señor Alvarado, Señor Herran, and myself, because at that date I was Minister in London. The London loan of 1867, for £1,000,000, was negotiated on its preliminary bases by the same D. Leon Alvarado, Commissioner of the Honduras Government, and the Minister in Paris, Señor Herran. My participation in that loan was purely an official formality; I, as Minister of Honduras in London, having to authorize what was done in the name of my Government, within the sphere of my official representation. It was Señor Herran who introduced me to Messrs. Bischoffsheim, when the negotiations for the loan were already far advanced; the same Señor Herran also introduced me to M. Lefèvre, who was already known to Messrs. Bischoffsheim. I knew nothing of those gentlemen before, except that Messrs. Bischoffsheim were eminent bankers, and that M. Lefèvre was or had been the agent of a London bank.

M. Lefèvre had been introduced to me by Señor Herran, and as the respectability of the bankers, Messrs. Bischoffsheim, who were previously acquainted with M. Lefèvre, was well known, I had no ground for unseemly inquiries, nor suspicion that they could be necessary.

Nor had I any knowledge of the manner in which the loan operations were effected, nor even of the routine operations of the Stock Exchange.

I had not the slightest participation in the French loan of 1869, which was negotiated at Paris. The Minister at Paris, Señor Herran, negotiated it and carried it out, and signed the documents with Messrs. Dreyfus Scheyer. Señor Herran introduced my name in signing the bonds of that loan, *pro formâ*, because the powers by which he contracted were likewise issued in my favour. The history of the said two loans, and the nominal and passive part which I took therein, are explained in the "Historical Account," pp. 15 to 31, and the Select Committee had no proofs nor any good reasons for saying that I figured in them prominently. Moreover, up to the year 1870, in which the Commissioner of the Honduras Government, Señor D. Leon Alvarado, died in London, all the negotiations which took place were directly initiated and sanctioned by him in the name of the Government, and were ratified by the Congress and Government in Honduras.

The loan of 1870 was contracted by me, by express order of the Government, and in virtue of special powers and instructions sent to me. The first two loans, those of 1867 in London, and 1869 at Paris, having failed in their practical results, there was no resource for the Government than either to solicit a new loan, with which to continue the works commenced, or to abandon those works, lose the sums expended on them, and suspend the payment of the interest on the former loans; for it is well understood and frankly admitted that the Honduras Government cannot pay the interest on its loans unless the railway is completed.

This loan also failed for the reasons given in the "Historical Account," pp. 35 and 36, and this failure was followed by unfortunate contracts, drawn up by Messrs. Bischoffheim's solicitor, Mr. Sharp, proposed and recommended by the other contracting parties, as absolutely necessary under all circumstances to meet the unfortunate difficulties in continuing the construction of the railway, which were springing up on all sides; and those contracts were accepted by me in the name of my Government, after considering their necessity to the extent of my ability; but accepted with repugnance, as bitter potions are taken, under medical pressure, in accesses of serious suffering, with the hope of curing the complaint. My active participation in the affairs connected with

the loans for the Honduras Railway began, my Lord, in July, 1870, after the death of the Special Commissioner, Señor Don Leon Alvarado, on the 10th of March in the same year, and after receiving the powers to issue the loan of that year in London, of which I send your Excellency a copy; and that participation continued until the end of December, 1872, when Dr. C. E. Bernhard, the new Commissioner of the Government, arrived in London. When I was directed to take an active part in those affairs, they were in a most lamentable condition from every point of view. The Minister at Paris, Señor Herran, had been recalled by the President of the Republic, General Medina, and Señor Viada had been appointed to take his place, with power and authority to examine the accounts of the 1869 loan. Señor Herran did not present his letters of recall at Paris, and Señor Viada was not received by the French Government, and could not, therefore, carry out the instructions of President Medina. At that very time the Franco-Prussian war broke out in Europe, and was the cause of infinite mischief to the railway loans; at the same time Honduras suffered a military invasion on the part of the Governments of Guatemala and Salvador, which ended in the deposition and imprisonment of President Medina, with the election of Don Céleo Arias as Provisional President. Then there were almost uninterrupted civil war and anarchy within the Republic; there was a revolutionary invasion by the crew of the "Sherman," which terminated some time afterwards with the bombardment of Omoa by one of Her Britannic Majesty's vessels; and at times I received orders and instructions from two Governments at once without knowing for certain which was in power, and which I was to obey at the moment.

Moreover, I do not pretend to possess the financial acquirements necessary to conduct the monetary operations which took place. Such pursuits have formed no part of my studies or my vocation; nor do I know, or pretend to know, either the ordinary course or the effects of Stock Exchange operations, beyond what I have learned from the mischances of the Honduras Loans and the contracts with Messrs. Bischoffsheim and Lefèvre. All the contracts which I have signed in the name of my Government, were directly ordered by the Government, or were proposed and recommended by Messrs. Bischoffsheim and Lefèvre, and always drawn up by the attorney, Mr. Sharp, or were recommended by the Government engineers, but all of them have been ratified by the Government itself; and I can assure your Excellency most positively that there is not a single contract in the whole course of the negotiations, that was proposed, originated, or drawn up by me. If those contracts were bad, if they were imprudent, if they were onerous, if they admit of diverse interpretations, if they were not entirely fulfilled by those who ought to have fulfilled them, if they led to deplorable consequences, the Honduras Government, and the Minister whose duty it was to sign those contracts in its name, were those whose confidence and good faith were first abused, before the credulity of the public was abused under the screen of the name of the Honduras Government and of its Minister in London. This, my Lord, is so obvious that to doubt it would be to premise a concatenation of monstrous and untenable hypotheses. It would be necessary to assume that the talents and the financial foresight of the Minister accredited in London by the small Republic of Honduras are superior to all the intellect of the practical men in the famous City of London. It would be necessary to assume that I have been in connivance with the different Governments of the various Presidents that Honduras has had since the beginning of these negotiations; it would be necessary to assume that I was the author of the project of a railway across Honduras, and that the engineers who went to survey the line, as far back as 1856, acted as blind instruments of my plans for fifteen years before I had the slightest official intervention in the matter; it would be necessary to assume that the lawyers who drew up the contracts, and the bankers who advised, recommended, and signed them, blindly submitted to my projects under fascination of my ideas or my promises; it would be necessary to assume that the Directors of the Stock Exchange in London, and the brokers, were at my orders, and only obeyed my inspirations; it would be necessary to assume that the name of Don Carlos Gutierrez, with his title of Honduras Minister, was a talisman sufficient to charm the English public, the final victim selected by that Minister for his operations; truly an extraordinary plot, which, however described, is hardly within the compass of human imagination, and it is, my Lord, more than hyperbolical, more than absurd—it is highly ridiculous.

The Select Committee, and the Press in general, of late, give me credit for a talent of financial foresight in having been able to direct these operations with such premeditated and calculated ends; that talent I certainly do not possess, and my countrymen have no means of possessing it, for there is no practical school in Honduras to teach such operations. When the Honduras Government determined to solicit loans in the markets here for the construction of its railway, and gave orders to its Agents and Ministers, it

proceeded in accordance with the advice of men eminently well acquainted with this kind of business in Europe. Numerous loans had been contracted before those of Honduras, under the same auspices, on the same conditions, for the same purposes, and even with results as deplorable, or more deplorable, than those of the Honduras Loans. It was the business of the English public, of the bankers, of the Stock Exchange, and even of the British Parliament (supposing it to be the duty of Parliament to advise the people how they are to invest their money), to make themselves well acquainted with the history and antecedents of those operations, and to weigh their consequences; and certainly the Honduras Government and its Agents were the last who could foresee pernicious results from operations which practical and competent men, in the very centre of the financial business of the whole world, described to them as easy, legitimate, and usual. If the Honduras Government had calculated the consequences, or if its special agents had calculated or foreseen them, I am quite convinced that the Honduras Government would never have entertained any proposal for constructing the railway on the system of contracting loans in Europe.

Nor can the Honduras Government or its agents be accused of having been over credulous, careless, or improvident. Long before the Government of Honduras had recourse to the European markets to contract loans, without experience in such negotiations and their results, the English public might have been on its guard and have censured the mechanism established to effect such operations in the very heart of the metropolis, operations as ruinous to those persons who enter upon them in good faith, as to the Governments of the small States in whose name they are carried on.

The Honduras Government and its agents became aware of the signification of those loans, of their mechanism, and of their consequences, about the same time that the bondholders began to doubt whether the interest and redemption offered would continue to be paid; and long before the Hon. Member Sir Henry James rose in the British House of Commons to denounce as the principal promoter of those loans, the official representative of one of the Governments, itself a victim of its confidence and of the mechanism established in Europe to facilitate those operations; but in the first speech of Sir Henry James, on the 23rd of February, not a word of censure is to be found against that mechanism, the origin of such usury, such ruin, and such disasters.

Having arrived at this point, my Lord, I, in the name of my Government, in the name of my countrymen, and in my own name, personally, as Minister of the Republic of Honduras in London up to the present time, and as a citizen and native of that Republic, will candidly lay before your Excellency the bearings of the question with all simplicity, from those points of view which may best serve for its examination.

Can it be seriously supposed that the Government of Honduras, with a population of 350,000 inhabitants, which the English press reduces to 250,000, and describes as half civilized, and of mongrel races, has sent a Minister to London endowed with such extraordinary qualifications that he has been able to dupe, overpower, and trample upon the good faith of bankers well versed in these affairs, the good faith of all who take part in the operations of the Stock Exchange, the shrewdness of the daily press and of all the clients of the Stock Exchange brokers and of the Press—in one word, of the public?

Can it be supposed with more presumption of probability that the Honduras Government and its Minister in London have leagued with the bankers and brokers of the Stock Exchange to carry on unfair operations by which the bondholders were to be sacrificed, and the Honduras Government at the end find itself in debt for considerable sums with immense quantities of land hypothecated, and without having obtained any other positive result?

Or is it more logical to believe that the Honduras Government solicited those loans for the construction of the railway in perfect good faith; that the system established in the monetary market to effect such operations, the dealings of the Exchange to which that system gives rise, the extraordinary mischances that have occurred, the scanty number of bonâ fide bondholders, the preponderance of those who held bonds for speculation, and other causes no less influential, upon which neither the Government nor its agents could reckon, have led to the disastrous result which is censured?

If the Honduras Loans, my Lord, were the first that have been negotiated in the City of London on the terms upon which they have been negotiated, and with the ill result which they have had at last; if all that appears public and censurable in the Honduras Loans were new, and never known nor allowed in other loans prior to those of Honduras; if the system which has served to launch the Honduras Loans on the market were disavowed in the City of London, by the bankers, by the Stock Exchange, by the speculators, and by the Press, then, my Lord, I really think there would be a reason, at least an apparent reason, for indignation against that small and distant

Republic which came to disturb the Octavian peace in the monetary operations of this market, which came to bewilder the immaculate punctiliousness of the speculators on 'Change, and of the lenders at interest five or ten times above the regular rate of discount.

But I apprehend, my Lord, that all impartial persons will consider it the climax of injustice or of hypocrisy to charge a small state like Honduras with bad faith in its loan operations in these markets, and at the same time to pass unnoticed perfectly identical antecedents in regard to the loans of other States, that occurred long before the Honduras Loans, but which States have the good fortune to be more populous than Honduras, and the good or ill fortune to be more mature in their autonomy, and to have merited or at least to have gained the respect of Sir Henry James.

Evidence was given in the Select Committee for the purpose of showing that the Honduras Government hypothecated for its three several loans the same forests and waste lands of the State as had already been hypothecated before. From this fact it was sought to infer that the guarantee of those loans was given in bad faith. And yet this precedent was established long before, in the Money Market of London, by other nations, but has never until now attracted the attention of the public or of the press.

In proof of this I will call your Excellency's attention to some examples :—

The Empire of Brazil has contracted the following loans :—In 1858 one for £1,526,500, at 4½ per cent., with the special hypothecation of all the resources of the empire.

In 1859 it contracted another loan for £503,000, at 5 per cent., and gave as a special hypothecation, for the second time, all the resources of the empire.

In 1860 another loan for £1,373,000, at 4½ per cent., with the special hypothecation, for the third time, of all the resources of the empire.

In 1863 another loan for £3,855,300, at 4½ per cent., with the special hypothecation, for the fourth time, of all the resources of the empire.

In 1865 another loan for £6,963,600, at 5 per cent., with no special hypothecation.

In 1871 another loan for £3,459,600, at 5 per cent., with no special hypothecation.

There are the same precedents in the loans contracted for Turkey :—

In 1854 Turkey contracted a loan for £3,000,000, at 6 per cent., and gave as an especial hypothecation the tribute paid by His Highness the Pasha of Egypt.

In 1858 she contracted a loan for £5,000,000, at 6 per cent., and gave as an especial hypothecation the whole of the revenues of the Imperial Treasury.

In 1860 she contracted another loan for £2,000,000, at 6 per cent., and gave as an especial hypothecation, for the second time, the revenues of the empire.

In 1862 she contracted another loan for £8,000,000, at 6 per cent., and gave as an especial hypothecation, for the third time, the revenues of the Imperial Treasury.

In 1863 she contracted another loan for £8,000,000, at 6 per cent., and gave as an especial hypothecation the revenues of the Imperial Treasury, which had not been hypothecated before.

In 1865 she contracted another loan for £36,363,363, which was issued at 50 per cent. No special hypothecation ; but it was simply secured on the general revenues of the Treasury, for the fifth time.

In the same year, 1865, she contracted another loan for £6,000,000, at 6 per cent., giving as an especial hypothecation the sheep-tax of Roumelia and the Archipelago, the copper mines of Tokat, and the serghis of Syria.

In 1869 another loan for £22,222,220, with the special hypothecation of the 10 per cent. tax of various provinces, and the surplus of the sheep-tax.

In 1871 another loan for £5,700,000, at 6 per cent., with the hypothecation of the revenues of the Turkish Empire, for the sixth time.

In 1872 another loan for £11,126,200, at 9 per cent., with the special guarantee of the Ottoman Government, the 10 per cent. tax of some provinces, and the sheep duty of Anatolia.

("Foreign Stock Manual," compiled by W. M. Ingall, Member of the London Stock Exchange, 4th edition.)

It is clear, therefore, that for long before Honduras had recourse to the English market for loans, and in good faith hypothecated her luxuriant forests and rich territory twice over, for the purpose of obtaining money to construct her railway, it was an established practice, even for empires, to hypothecate the same revenues and the same resources twice and four times over ; and no doubt has hitherto been cast upon the good

faith of those hypothecations, although that of the sheep duties of Roumelia and Anatolia, which might easily be nullified by an *epizootic*, cannot offer anything like the security afforded by the hypothecation of the immense and productive forests of Honduras. Those empires have certainly paid their dividends up to the present time, but perhaps they, at least the Turkish Empire, would not have been able to pay those dividends if they had not recourse to fresh and successive loans, according to the system now generally established for almost all Governments, according to their respective grades, and with more or less success.

But, as a diversion, the Select Committee might have undertaken to investigate the antecedents of some other loans introduced into the European markets long before those of Honduras, and of which the payment of the dividends also ceased long before. If the history and results of those loans had but been made public in due time, it is very probable that the Honduras Government would have refrained from soliciting loans for the construction of its railway, because it would have foreseen results, which otherwise it had no reason to look for, though they were well known in the Money Market of London.

Venezuela, in 1859, contracted a loan for £2,809,100, at 3 per cent. She ceased to pay the interest thereof in 1864.

She compounded her previous debt, also in 1859, for £1,388,800, with 1½ per cent. interest, and she ceased to pay that interest in 1864.

She contracted a loan for £1,000,000 at 6 per cent., in 1862, and ceased to pay the interest in 1864.

She contracted another loan for £1,500,000, at 6 per cent., in 1864, and ceased to pay the interest in April, 1867.

Mexico issued a loan for £10,241,650, at 3 per cent., in 1851, and ceased to pay the interest in 1866.

In 1864 she issued another loan for £4,864,800, at 3 per cent., and ceased to pay the interest in 1866.

New Granada, Ecuador, Greece, and other States had contracted loans before Honduras did so for her railway, and had ceased to pay the dividends. Various States of America and of Europe have contracted loans through the medium of their diplomatic representatives in London and at Paris, and several of those States are in the same critical situation as Honduras in regard to the payment of the interest on their loans; but the Select Committee has reserved its special censure for the Republic of Honduras and its Minister in London, as if the facts connected with the Honduras Loans were unique in the history of such transactions.

The projected loan for a Ship-Railway has also been attributed to me. And yet the most direct and prominent part which I took therein was the act of withdrawing it from the public. That project was submitted in London to an agent of President Medina, who took it with him to consult the President. Some time afterwards the Government sent me powers and instructions to carry it out; nevertheless, I opposed it as much as I could, so far as to insist upon the condition, at least, that the bonds should be signed by Messrs. Bischoffsheim, who did, at last, agree to sign them. But I took the first opportunity that offered to withdraw the loan from the market, and I must in justice say that I had the support of Messrs. Bischoffsheim in doing so, and that the withdrawal coincided with the news which I then received that President Medina had been overthrown by a revolution.

As for the loan which Captain Pim tried to issue at Paris, I was under the necessity of assenting to it from the pressure of circumstances, but on condition that it should likewise be assented to and supported by my colleague at Paris, Sr. Herran, and that it should be ensured by favourable conditions to provide for the completion of the railway, and to rescue my Government from the terrible crisis which was menacing it.

Honduras has been censured for paying the interest on the several loans from the funds which those loans produced, and for contracting fresh loans to meet the engagements contracted for the construction of the railway, and by the previous loans. This censure is passed on the Republic of Honduras, as if that Republic had introduced the system, and were the only nation which had followed it. And yet I need hardly remind your Excellency of European nations which have paid the interest on their loans, during the first years following the issue, from the funds produced by those loans, and after those funds were exhausted have gone on contracting fresh loans, in order to meet therewith the interest on the former loans.

Your Excellency will have seen from these explanations of mine, which are accurately founded on the facts, that the prominent part which the Committee has attributed to me in the Honduras Loans dwindles down to the operations connected with the loan of 1870,

issued to the public in virtue of special powers by order of my Government; to the fact of my having withdrawn the projected loan for the Ship-Railway as soon as ever I could; to my having assented to the loan projected at Paris in 1872, which had no effect; and to my having signed, in the name of my Government, the contracts connected with the railway, with the contractors and trustees of the loans, from the year 1870; in which the Government Commissioner, Don Leon Alvarado, died, up to the end of 1872, when Dr. Bernhard, the new Commissioner, arrived in London. And even this active part, which I acknowledge during the said period, was not spontaneous on my part, but was in virtue of the orders of my Government, or was unavoidable under the special circumstances, without any other conceivable motive than to afford the facilities which were said to be necessary to complete the construction of the railway, and to ward off the ruin which menaced my Government and the holders of its bonds, if efforts were not made to get money to proceed with the line, and to meet the other engagements.

The Select Committee heard the evidence of the witnesses, Mr. Davids and Mr. Ford, and could understand what were their duties as trustees, and what was their responsibility to the Honduras Government, as may be deduced from their engagements expressed in the agreements, and from the salaries assigned to them for the due performance of their duties. Those trustees and their colleagues were chosen, proposed, and recommended by Messrs. Bischoffsheim, Mr. Lefèvre, Mr. Sharp, and Messrs. Waring and MacCandlish, the contractors for the railway. The Honduras Government and its direct agents could not but place confidence in those men, inasmuch as they represented the moral responsibility of the persons who had recommended them; for Mr. Davids was in the service of Messrs. Bischoffsheim, Mr. Barnes in the service of Messrs. Waring Brothers, and Mr. Widdecombe in the service of Mr. Sharp.

The Select Committee had the opportunity of inspecting the books delivered by those persons, books which neither the Honduras Legation nor the various agents sent by the Government could ever get into their possession, notwithstanding all their efforts. The Select Committee had the opportunity of seeing in those books how the accounts were kept, and of appreciating the free and easy manner of explaining all doubtful and unintelligible points, by introducing the personality of the undersigned as an exculpation in the last extremity. The Select Committee heard the evidence of the trustee, Mr. Ford, public accountant, who said that he had lost the journal, and had destroyed the minutes of the payments entered in the books. And could the Select Committee believe that all the evidence of those witnesses was satisfactory; that it was enough for them to bring in the Government and the Minister of Honduras as a stereotyped exoneration from all the responsibility which rested on them?

The Select Committee did not call for the evidence of Mr. Sharp, who prepared and drew up all the contracts relating to the Honduras Railway and Loans. That gentleman, who also drew up contracts relating to other foreign loans, amongst them some for the United States, Uruguay, and Peru, could have thrown light on the question, by declaring who had instigated those contracts, who had proposed them, who was responsible for their terms and interpretation, and whether they were really in accordance with the usual previous practice for such operations in the City of London. Mr. Sharp enjoyed the confidence of Messrs. Bischoffsheim and Lefèvre, and had the recommendation of an extensive experience in such affairs.

Nor was Mr. Widdecombe called upon to give evidence before the Select Committee; he being in the service of Mr. Sharp, and having been trustee at the same time as Mr. Ford, might have been able to give some explanation with regard to the discharge of his trust, and also his opinion relative to the spirit and interpretation of several of the contracts which were made.

I likewise call your Excellency's attention to a remarkable fact in the evidence given before the Select Committee.

Of the engineers who, on various occasions, have been to Honduras to examine the projected line of the railway, and have furnished extremely favourable reports, both in regard to the importance of that international work, and in regard to the natural riches of the Republic, not one gave evidence before the Select Committee, although some of them voluntarily offered to do so. In contraposition to this omission, the Committee took the evidence of Mr. Charles Waring, of the firm of Waring Brothers, the contractors for the construction of the line, a witness who was interested in giving evidence which should exonerate him from all charges, for one reason amongst others, that there is a protest of the Honduras Government against those contractors for having abandoned the line without due and formal delivery of the material and of the section of the road which they constructed.

There must be many hundreds of Honduras bondholders in London, yet of these

only four, the Rev. Thos. Simpson, Mr. Thomas Hodges, Mr. Lewis, and Mr. Robert Watt, presented themselves to give evidence, the last gentleman describing himself as connected with a "committee for the protection of bondholders." The evidence of these witnesses shows that they gave it in a spirit of aggressive partiality, that they were well pleased at having prepared a revenge, and at having executed it. There are letters at this Legation from two of those witnesses, namely, the Rev. Thos. Simpson and Mr. Watt, which bear this out.

I do not propose to enter into the tedious details of the evidence given by some witnesses to the Select Committee. Some points of that evidence are so untenable that the Select Committee has not even taken account of them in drawing up its report; other points I have answered or explained in the various communications which I have sent to your Excellency during the course of the Select Committee's investigations. Nevertheless, I will refer to what the Select Committee says in its report, page xxiii, respecting the letters which the witnesses, the Rev. Thos. Simpson, Mr. Thomas Hodges, and Mr. Lewis, say they wrote, asking whether the coupons which were coming due on the 1st of January, 1873, would be paid, and the answers which they received from the so-called Agency of the Government, 8, Moorgate Street, which answers the applicants believed to have been given in the name of the Minister. Those answers were given without the knowledge of the undersigned. The Agency, which was at first under the immediate direction of M. Lefèvre so long as the Ship-Railway project was in existence, and afterwards under the direction of the Financial Commissioner, had its clerks under the orders of those gentlemen, and the Legation had nothing to do with them. The letters addressed to the Minister by bondholders respecting the payment of coupons, were officiously answered by the Agency, and the Minister knew nothing of the answers, nor of the greater part of those letters. A court of justice would have been easily able to find out who answered those letters at the Agency in the name of the Minister, and who ordered such answers.

I will now, my Lord, endeavour to refute the charges which the Select Committee brings against me, at page xxiv of its report, as the result of its investigations; but before I do so I must state to your Excellency that even if there were a solid foundation for those charges, the Select Committee would have overstepped its attributions in converting a Parliamentary Committee for the investigation of facts, into a tribunal for the trial and censure of the official acts of a foreign Minister, not subject to the jurisdiction of the Committee, and moreover unable to bring forward the necessary evidence to defend those acts, on account of the anomalous organization and proceedings, as well as the extraordinary privileges and powers of the Committee.

"Throughout the whole of the transactions connected with these loans"—says the Select Committee in its Report—"Don Carlos Gutierrez has taken a most prominent part."

I have already described to your Excellency the part which I took, as Minister of Honduras, in the transactions referred to; and it is quite clear that my intervention has been entirely passive, purely official, and in obedience to the instructions of my Government. My name has figured, over and over again, with extraordinary officiousness, where the name of the Honduras Government ought to have figured, which was an integral party to the contracts, or where some other Minister or agent, who legally represented it, might figure without any change in the engagements and responsibilities of the contracting parties.

"He has sanctioned many acts which the Committee is compelled to disapprove."

The Minister of Honduras in London has sanctioned some acts in the name of his Government, which the Government and Congress of Honduras have subsequently ratified. Those acts were acts of free will between the contracting parties, they were mutually accepted, and were based moreover, on precedents for such cases in this market, and on freedom of contract. If any contracting party has failed in his engagements, the Courts of Justice are open to those who have cause of complaint. But this censure of the Select Committee is so ambiguous that it gives no clue to the acts referred to, nor to the laws which the Committee had in mind for the justification of its reproval.

"It is admitted in the 'Historical Account' that the Republic of Honduras, with but slight financial resources, contracted through his agency, or with his cognizance, loans to an extent far beyond any possibility of repayment."

It is quite true that the "Historical Account" admits, what is undeniable, that the

financial resources were and are very slight. But if it may be inferred from this that there was difficulty in contracting on favourable conditions for the Republic, it can by no means be inferred that the Republic was legally disabled from contracting, nor that its contracts were not valid and in good faith. The slight financial resources of the Republic only affected the terms upon which the operation could be effected. The intention was to pay those loans, not from the slight financial resources of Honduras, but from the profits and advantages to be derived from the railway after it was completed by means of those loans, and from the proceeds of the future employment of the natural riches of the Republic. Therefore those loans were not beyond any possibility of repayment, if they produced the necessary sum to complete the railway. Besides, that same scantiness in the financial resources of the Republic which prevented the offer of a perfectly sound and convertible guarantee for the half-yearly payment of the interest on the loans, was compensated by the interest of 10 per cent. offered on the nominal value, by the premium of more than 20 per cent. on the issue, and by redemptions at par. Those very advantageous conditions were proposed to the public to balance the unforeseen risks which its investments might run, so long as the work which was to produce the funds for repayment remained unfinished. But again, supposing those loans had been contracted through my agency—as, in fact, that of 1870 was contracted—how am I liable to censure for this, which I did in the name of my Government? Were the contractors for those loans children, that they can complain of deception? Were they children who bought the bonds at a considerable discount on 'Change, for the purpose of getting a higher interest? The proposals were made in open day, with extensive publicity of the details, and no one was obliged to accept their conditions and risks. On the other hand, what reason had the Select Committee to suppose that my consent or refusal to issue those loans would have had the least influence with the Government of Honduras, which had ordered them? My consent or refusal would be equally superfluous, for the subordinates of a Government do no more than obey the orders which they receive.

"On behalf of his Government he entered into most censurable contracts."

This is a mere variation of the second charge, and my answer to that charge is applicable here.

"He sanctioned Stock Exchange dealings and speculations which no Minister should have sanctioned."

This sanction of Stock Exchange dealings and speculations which the Committee attributes to me, is beyond my comprehension. It is the Stock Exchange itself and its organization which sanction and patronize every kind of dealings and speculations in public funds. I could not and did not give any sanction for such operations. The Stock Exchange is a market for securities on trust, which are bought and sold, and they are dealt in for the rise and the fall; speculators on one side endeavour to obtain what advantage they can from the speculators on the other side. When loans are once launched on the market according to the system of quotation established for them, it is not possible to restrain or to prevent those speculations whilst the Stock Exchanges are organized as they are at present. The Select Committee itself, which, it seems, only became acquainted during the course of its investigations with the manner in which these operations take place, and have taken place, on the Stock Exchange daily for half a century, in the most public place of the Metropolis of Great Britain, has not even attempted to propose a measure to prevent the consequences. Why should the undersigned Minister sanction such operations, when every one has an absolute independent right to engage in them without any other sanction than his free will and the risk of his own money? The Stock Exchange operations which took place with the Honduras Loans, take place daily, on a greater or lesser scale, in every kind of quoted securities, The operations consists, for the most part, in the seller selling quotable securities at the highest possible price, and the buyer buying them at the lowest possible price, in order to reverse the operation at once, and thus the profit or loss is made. It is not for diplomatic Ministers to sanction what they cannot, and what it is not their business to prevent. The European Governments sanction these operations, for, on a larger or lesser scale, they take place on their account. Any Government which has to bring bonds into the market, bearing interest against its Treasury, will not sell them at a discount if it can sell them at par, even if it were to occur to some Minister of Finance that by-and-by those securities may be depreciated, and that such depreciation may be the ruin of many of the purchasers.

"He was a party to the purchase of the mahogany cargoes, and permitted the public to be misled by the announcements in relation to them."

The origin of those "mahogany cargoes" was as follows :—

By agreement, dated October 25, 1867, supplementary to the Loan Contract of the same year, the sum of £100,000 of the said loan was offered to the Honduras Government, for the purpose, principally, of felling the forests, and providing for the rest of the necessary expenses in cutting and sending mahogany and other timber to Europe, the proceeds of which were to be applied, as far as they would reach, to the payment of the interest on the loan. For the due application of that fund the Honduras Government instituted a "National Committee" to sit at Comayagua, which National Committee is called by the name of "Comité empresario" in the Report presented by the Select Committee to the British House of Commons.

The £100,000 offered could not be remitted to the Government all at once in due time, because the loan had not been taken "firm."

But the Government was authorized to draw gradually upon London on account of that sum, whilst the bonds of the loan were in course of conversion. Owing to this mischance, the "National Committee" could not arrange for the felling of mahogany on account of the State, for that required time and ready money. But as the "National Committee" wished to discharge its trust, and to consign to Messrs. Bischoffsheim some cargoes of mahogany derived from the Government forests, it determined to send some cargoes at once, and for that purpose bought mahogany and other timber felled by the merchants in the Republic. But it is necessary to bear in mind that those merchants cut the timber in the State forests on payment, at that date, of a royalty to the Government, of five dollars for every tree that they felled. That timber, purchased from those who had obtained the right of felling it from the Government, and had conveyed it to the coast on their own account, was paid for by the "National Committee" by bills drawn upon London, on account of the sum against which the "National Committee" was authorized to draw. The undersigned knew that the cargoes of timber consigned by the "National Committee" came from the State forests, because, as they were shipped in the ports of the Republic, they could not come from elsewhere; but he did not know that they had been felled in the said forests by the dealers in timber, and not by direct order of the "National Committee."

The notice inserted in the Money Article of "The Times" of the 11th of June, 1870, which the Select Committee quotes in its report, was correct in all its statements. It said as follows :

> "The 'A. N. Lizard' and the 'Hope' have arrived in the West India Docks, from Truxillo (Honduras), with cargoes of mahogany and fustic, consigned to Messrs. Bischoffsheim and Goldschmidt, on account of the Honduras Railway Loan. Advices just received state that the 'Grenmar' and the 'Queen of the South' were loading at Truxillo, with similar cargoes on the same account."

The Select Committee acknowledges that those cargoes did come to England, consigned to Messrs. Bischoffsheim and Goldschmidt, and admits that the proceeds were paid to the trustees of the loan.

In these facts there is absolutely nothing to show that the Minister of Honduras in London was a party to the purchase of those cargoes of timber. How could the Minister in London be a party to the purchase of those cargoes, when, as it is stated on the other hand, they were purchased by the "National Committee" in Honduras?

On what grounds can the Committee say that the Minister was a party to the purchase of that timber? No doubt the Select Committee came to this conclusion by force of a concatenation of suppositions based on the evidence of a witness who said that the "National Committee" paid for the cargoes of wood which it had sent, by bills drawn on Don Carlos Gutierrez, the Minister in London. The bills drawn by the "National Committee" on account of the fund upon which it was entitled to draw in London, might be negotiated by the "National Committee" in any way it deemed expedient. If the bills were accepted and paid when they became due, they spared the remittance to Honduras of the specie offered to the Government on account of the sum placed at its disposal from the proceeds of the loan. This was explained in the statement presented to the Select Committee by the Secretary of this Legation in April last. But nothing herein warrants the assumption that the Minister in London was either directly or indirectly a party to the purchase of that mahogany, nor that he had permitted the public to be misled by the announcements respecting those cargoes, for those announcements in the newspapers were in every way correct. At all events, it was not the Minister who caused the publication of them, nor could the most subtle penetration suppose there was deception in giving publicity to an actual fact.

But let us suppose that the announcement of the arrival of those cargoes of mahogany in Europe from Honduras had induced the public to purchase all the remaining bonds of the loans of 1867, and all the bonds of the loan of 1870, at the contract price of issue. What would have happened then? Just the contrary of what did happen; when the bonds had once been purchased in good faith by the public, without the necessity of forcing them in the market, as they had to be forced by means of complicated speculations on the Stock Exchange, they would have produced the necessary funds for the construction of the railway, which would now be completed, and the bondholders would be receiving the interest on their capital from the returns of the railway and the conversion of the natural products of the country, developed by means of that work; therefore the announcement of those cargoes, which the Select Committee designates a deception on the public, would have produced neither more nor less than the construction of the railway and the reinstatement of the bonds now worthless, which is quite the contrary.

In Appendix No. II., annexed to the English edition of the "Historical Account," there is a description of the "National Committee" which was formed in Honduras for cutting timber and working the mines, for the purpose of remitting the produce to Europe, for the service of the loans. The same Appendix contains the decree dissolving the "National Committee" on account of the difficulties which that committee found in getting the bills paid which were drawn on account of the sums offered for cutting and consigning timber and working the mines; and the same Appendix, of which the Select Committee seems to have taken no account, shows that the Honduras Government was unable to organize in due form the consignments of timber and minerals, as it had offered to do, on account of the irregularities and difficulties which occurred in the payment of the bills drawn against the funds placed at its disposal.

"By express contract he authorized the additional drawings."

The additional drawings, to which the above charge refers, were in fact authorized by the undersigned at the request and urgent representations of the contractors for the loans, and as an expedient which they considered it necessary to have at command, so that they might make use of it at their discretion, without explaining the purpose for which those additional drawings were proposed.

Additional drawings have been admitted into the contracts for loans which some Governments have made in this market up to the present time. In consenting to allow the introduction of additional drawings, the object of the Honduras Government was to give the contractors for the loans all the facilities which they required for finally placing the bonds, upon which depended the possibility of completing the railway with their proceeds.

The Government of Chili, in its loan of 1856 for £1,120,920, reserved the right of increasing its redemption fund from time to time.

The Government of Buenos Ayres, in its loan of 1870 for £1,034,700, reserved the right of increasing the redemption fund.

The Government of the Argentine Republic, in its loans of 1871 for £6,122,400, reserved the right of increasing the redemption fund, to apply it to the purchase of bonds in the market, or to additional drawings as might be expedient.

The Government of Costa Rica, in its loan of 1872 for £2,400,000, reserved the same right.

The Government of Entre Rios, in its loan of 1872 for £226,800, reserved the same right.

The Government of Paraguay, in its loan of 1872 for £2,000,000, reserved the same right.

The Government of Columbia, in its loan (conversion) in 1873, for £2,000,000, also reserved the same right.

There was not, therefore, anything that could be blamed in principle in the authorization given to M. Lefèvre to introduce additional drawings. But as the manner of using that authorization remained at M. Lefèvre's discretion, it is he who would, at all events, be responsible for any illegality committed.

In the face of the final miscarriage of those loans, it appears extremely easy to censure all the incidents connected with them; but, after analyzing them, it is somewhat more difficult to maintain the censure logically. Let us suppose that the extraordinary drawings had been made with funds acquired by the Government independently of the loans; for example, by the sale of the waste lands, or from any other source of revenue. Would the extraordinary drawings have been censurable then? Certainly those bondholders who were favoured by fortune would not have thought so. Let us suppose

that, instead of the two extraordinary drawings which took place, there had been enough of them to redeem the moiety or more of the bonds which are now in possession of the public. Would these drawings have been censurable then? Certainly all the bondholders, before their share in those redemptions was decided, would maintain the legitimacy thereof, without troubling themselves to find out where the money came from. So that the censure passed upon those extraordinary drawings is because they induced the public to buy the bonds in the market, and the public was induced to do so by those drawings.

But then the same censure may be cast upon all the conditions laid down; such as the high rate of interest, 10 per cent. on the nominal value; the price of issue, and the half-yearly redemption at par; conditions which are in reality only so many other inducements for the public to accept, if it think fit, in exchange for the risk which is indicated by those very conditions.

"He assisted M. Lefèvre to appropriate to himself large sums out of the proceeds of the loans."

I have no idea upon what ground the Select Committee could have brought this very serious charge against me. This supposed assistance must necessarily have been based either on the written contracts made in the name of the Honduras Government, and ratified by it, or it must have been an extraordinary and personal assistance in opposition to the stipulations of those contracts. In the first case all those who signed the contracts must have been accomplices, as well as the Government which ratified them; and it cannot be explained why the Honduras Government should ratify contracts which injured its interests in that way. If that supposed assistance given to M. Lefèvre to enable him to appropriate from the loans sums to which he was not entitled, did not proceed from the contracts, my personal assistance would have been of no avail, for the contracts themselves rendered it impossible, and it was the duty of the trustees to see that the contracts were fulfilled.

Clause 5 of the agreement entered into on the 17th of June, 1870, between the undersigned Minister and Messrs. Bischoffsheim and Goldschmidt and Charles Lefèvre is as follows:—

> "The aforesaid loan being taken at his own risk by the said Charles Lefèvre, the issue to the public and the allotment thereof shall be under his own charge and direction, but on condition that the due payment of all the sums mentioned in the Contract No. 2 shall be properly provided for in accordance with the clauses thereof."

According to the said Contract No. 2, which is given in the Select Committee's report, page xii, the sum of £800,000 was to be appropriated to the construction of the third section of the railway.

In the multitude of contracts which were made in connexion with the loans and the Interoceanic Railway there are various clauses which are plainly admitted on the supposition that the said contracts would be carried out in all their details. But the non-fulfilment of many of those contracts nullifies the isolated clauses which favoured the loan contractors or any other contracting party to the injury of the Honduras Government and the interests represented by the railway.

As an instance of the clauses which were admitted on supposition of the entire fulfilment of the contracts, and which, if separately interpreted, would be declared void by any Court of Equity, because they involve an enormous injury to the interests of the Honduras Government, I will refer your Excellency to clause 13 of the deed of July 27, 1871, which the Select Committee quotes in its report, page xviii:—

> "The said Charles Lefèvre shall be entitled to retain for his own use the amount of the interest from time to time payable on such of the said bonds as shall for the time being remain in the hands of the trustees unissued, and the trustees shall cut off the coupons representing such interest from the unissued bonds, and cancel the same. If any of the bonds for the time being remaining in the hands or under the control of the trustees unissued shall have been drawn for redemption, then the said Charles Lefèvre shall be entitled to retain for his own use so much of the funds in his hands as would otherwise have been applied to the amortisation of the said drawn bonds, and the said trustees shall thereupon cancel the same and all coupons attached thereto."

This clause, if read separately, interpreted according to its verbal meaning, and carried out to the full extent of its applicability, is without doubt the most absurd that could be introduced into such a contract, from the enormous injury which it involves; for, according to that clause M. Lefèvre might always appropriate to himself the whole value of the interest represented by the bonds in hand, as well as the whole value of the bonds themselves as they were drawn, and this by merely failing to do what he had

agreed to do, that is, to take all the bonds "firm" at a certain price. But, as I have already had the honour of stating to your Excellency, in my communication of May 14, according to clauses 11 and 12 of the said contract of July 27, 1871, all the funds of the Trust were to be applied in accordance with the Second Schedule annexed to the said contract, and according to that "Second Schedule" £1,644,759 were to be applied to the completion of the railway, which was the main object of the Government, and moreover the interest on the loans up to the end of 1872, was to be paid.

Here, my Lord, is the "Second Schedule" to which I refer, the non-fulfilment of which has caused such irreparable mischief to the bondholders and to the Honduras Government:—

SECOND SCHEDULE.

To the Contract of July 27, 1871.

Payments. 1871.		£	s.	d.	£	s.	d.
April 21	Balance of account to C. Lefèvre	—			1,678	5	10
Aug. 1	Redemption, Loan 1869	37,350	0	0	—		
	Interest do. 1869	83,000	0	0	—		
1872.					120,350	0	0
Jan. 1	Interest do. 1867	50,000	0	0	—		
	Redemption do. 1867	30,000	0	0	—		
	Interest do. 1870	125,000	0	0	—		
	Redemption do. 1870	75,000	0	0	—		
					280,000	0	0
March 1	Redemption do. 1869	37,350	0	0	—		
	Interest do. 1869	83,000	0	0	—		
					120,350	0	0
July 1	Interest do. 1867	50,000	0	0	—		
	Interest do. 1870	125,000	0	0	—		
	Commission for paying both coupons	20,000	0	0	—		
					195,000	0	0
Aug. 1	Redemption, Loan 1869	37,350	0	0	—		
	Interest do. 1869	83,000	0	0	—		
					120,350	0	0
	One year's interest on the Federal Debt	—			5,400	0	0
	£100,000 to the Government..	—			100,000	0	0
	Contracts with Messrs. Waring and McCandlish—						
	Balance to be paid for the 1st section	53,952	0	0	—		
	Do. do. 2nd section	830,807	0	0	—		
	Do. do. 3rd section	760,000	0	0	—		
					1,644,759	0	0
	Salary to Mr. Brunlees as engineer—						
	1st section	1,370	0	0	—		
	2nd section	16,000	0	0	—		
	3rd section	23,000	0	0	—		
					40,370	0	0

If M. Lefèvre had taken all the bonds "firm," as he engaged to do, and had applied the proceeds as stipulated in the Second Schedule, more especially the sum intended to complete the railway, the Government need not have cared for M. Lefèvre's receiving the amount of the coupons due upon those bonds which remained in the hands of the trustees, but which were at the disposal of M. Lefèvre; nor need the Government have cared for his receiving the amount of the redemption of those bonds in hand which were drawn for redemption, because he was to be responsible for their value at the price at which they had been made over to him. This is the interpretation of clause 13 that was given to me, and I was told that there could be no other, because any other would be a manifest imposition on the Honduras Government. This was the interpretation given, most undoubtedly, to clause 13 by Messrs Bischoffsheim, who also signed the contract, for it is not to be supposed that they would have signed it had they given it any other. But I was extremely surprised and alarmed, when I found, as things went on, that M. Lefèvre was unable to fulfil his engagement to take the bonds of the loans "firm," and when I found from the balance-sheets delivered to me by the trustees in 1872, that M. Lefèvre had given a different interpretation to clause 13, which interpretation is, in the opinion of my Government, untenable.

Moreover, my Government had the most perfect confidence in the good faith and circumspection of the bankers to whom it had entrusted the realization of the loans for the construction of the railway; and, having no experience of the routine and course of such proceedings in Europe, it was guided by their advice and foresight in these matters; and the undersigned Minister was simply the faithful representative of the confidence and good faith of his Government.

Far from having the ability or the wish to assist M. Lefèvre in anything that was

unjust, or illegal, or injurious to my Government, no sooner was I aware of the interpretation referred to, and of other matters no less serious, which was in 1872, than I sent the Secretary of the Legation to Honduras to give an account of everything to my Government and to request its instructions; and from the end of December in that year the Government has had a Special Commissioner in London, working in concurrence with the undersigned, trying every means of persuasion, of combination, even threatening to apply to the Courts of Law, for the purpose of having the works of the railway recommenced, and of coming to satisfactory arrangements with the bondholders. In fact, the Government has always most generously acceded to all the conditions proposed with this object in view, including the last grant of six million acres of waste lands to serve as a solid basis for the arrangements. And the Government and its agents in Europe have seen the continual miscarriage of all the negotiations, as if there had been a premeditated design to weary them out by repeated deceptions, and to throw upon them the final blame of all the failures.

As it is not my business to decide upon the interpretation and the non-fulfilment of the contracts, because I am a party interested in the name of my Government, as it belongs to the English Courts to determine these points, and as I have the fullest and most absolute confidence in their award whenever they may be called upon to pronounce it, I am obliged to limit myself here to a denial of any foundation for the accusation of the Select Committee, that I assisted M. Lefèvre to appropriate to himself sums that he was not entitled to from the loans. I repel this accusation as a calumny on my character as the Minister of Honduras and a citizen of that country.

"The 'Historical Account' shows that when Don Carlos Gutierrez introduced the Ship-Railway loan for 15 millions sterling, he had no faith in the undertaking, yet he entered into an agreement with M. Lefèvre, in pursuance of which the proceeds of the 1869 and 1870 loans were to be diverted from the purpose for which they were professedly raised, and applied to furthering this scheme."

Clause 5 of the loan contract for the "Ship-Railway," dated May 13, 1872, is as follows:—

> "5. M. Lefèvre personally undertakes to defray all the costs of the issue of the loan up to the preparation of the definitive bonds, but exclusive of them, as well as the commissions and brokerages, excepting the commission of Messrs. Bischoffsheim and Goldschmidt for countersigning the general and definitive bonds and the scrip, and for endeavouring to obtain a settling-day on the London Stock Exchange. M. Lefèvre also undertakes to return the sums paid by the subscribers to the loan, if necessary, on account of the Stock Exchange refusing to grant a settling-day, or any other cause whatever."

This clause clearly shows that the Honduras Government was not to incur the costs of issuing the projected loan in the market.

By an additional clause in form of a letter, of the same date, the trustees were authorized to deliver to M. Lefèvre the sum of £750,000 in bonds of the previous loans, reckoning those bonds at the price at which the existing deed of trust entitled M. Lefèvre to receive them. Of these £750,000, £500,000 were to be delivered to M. Lefèvre on the day when the prospectuses of the loan were published, and the remaining £250,000 were to be kept by the trustees until the allotment of the loan. The delivery of that sum in bonds to M. Lefèvre was to guarantee the commission he was to receive in case the loan should prove successful, and thereby to facilitate the difficult task and great responsibility of issuing the loan. But if the allotment of the loan were not made within a month from the publication of the prospectuses, M. Lefèvre was to return to the trustees the whole of the bonds so delivered to him, or their amount in cash at the price at which he had received them. From this arrangement it appears that those bonds, which represented the sum of £750,000, were not diverted from the purpose of applying their proceeds to the construction of the railway. If the Ship-Railway loan did not succeed, as was the case, those bonds, or the value of them, were to be returned to the trustees. If the said loan did succeed, the guarantee which they afforded was cancelled when M. Lefèvre received his commission.

Nevertheless, from the books kept by the trustees, Messrs. Ford and Widdecombe, it appears that they placed the bonds to the amount of £750,000 at the disposal of M. Lefèvre all at once, though it was expressly agreed that £250,000 should remain in possession of the trustees until the allotment of the loan, which never took place. That same total sum of £750,000, after having been written off the trust by the trustees, was entered by the same trustees in an "account of the expenses for the Ship-Railway Loan," with which, according to the agreement, the trustees had nothing to do, for M. Lefèvre was responsible for those expenses.

From the books kept by those trustees, which I saw for the first time after Mr. Ford was called to give evidence, I have never been able to understand satisfactorily how those bonds were returned by M. Lefèvre to the trustees, as was stipulated in case the loan should be withdrawn from the market. The public accountant, Mr. James Cooper, to whom I delivered those books for him to give me a report thereon before I placed them at the disposal of the Select Committee, only says, in regard to that sum, as follows :— "There is also an account current called 'Account of the expenses of the Honduras Ship-Railway,' which consists exclusively of operations effected with Lefèvre, which are not explained either by the books or the documents which I have before me. As there was neither profit nor loss from those operations, it is useless to make any further observation in regard to them." Nevertheless, as I have not yet examined those accounts with all their charges and discharges, I cannot give any opinion as to whether those bonds or their value were duly returned by M. Lefèvre, or whether my Government has grounds for ulterior proceedings.

I have already explained to your Excellency, in the course of this communication, the reasons for attempting in London a loan for the Ship-Railway, and subsequently another loan at Paris under the auspices of Captain Pim and Mr. Kerferd; and I have nothing to add to what I have said. But I must now undertake to answer the complaint of the Select Committee that I did not appear to give evidence before it.

When the Honourable Chairman of the Select Committee invited me to give evidence, in his communication of March 18, he concluded by saying: "At the same time the Committee desire to convey to your Excellency that they entirely leave it to your discretion whether you will honour them with any communication, or no." It was left to my discretion whether I would appear to give evidence or "no," or whether I should communicate with the Select Committee through the honourable channel of your Excellency, so that I might retain in this Legation copies of the statements sent in, and that those statements should not be made from memory only, but in presence of the documents which proved them. But there were other special and weighty reasons why I should not appear before the Select Committee. I have already stated, in my communication of August 3, to your Excellency, that the originator of the Committee, Sir Henry James, had constituted himself my accuser in Parliament when he asked for the appointment of the Select Committee, and it was he who subsequently conducted in the Select Committee the examinations on a question already prejudged by him. Sir Henry James had not only attributed to me the sole initiative in all the Honduras Loans, but also in the Costa Rica Loans of 1870 and 1872. With regard to the last, it was afterwards found that I had nothing whatever to do with it! The evidence of the witnesses began, and I was greatly surprised to find that a body of men so exalted and respectable as a Select Committee of the House of Commons should receive such improper evidence as that given by some of the witnesses, and such ludicrously calumnious evidence as that given by Mr. Gossip. But I was absolutely amazed when I read in the newspapers that Sir Henry James had directly asked the witness Captain Pim "whether he still considered me an honourable man." I leave it to your Excellency's enlightened consideration to decide whether it was compatible with my official character to appear before the Select Committee to be catechized by Sir Henry James in that manner, and whether, abandoning my ministerial prerogatives, I should have submitted myself to be questioned by Sir Henry James, invested with all the privileges of a member of the Select Committee, to be examined in that style, as the representative of an independent State accredited to this Court. Far before my personal interest, in answering such questions, is my official duty to maintain the dignity of my Government and my country while I represent them as Minister.

"No document or information of any kind in relation to the Honduras Loans (except what is contained in the "Historical Account") was furnished by Don Carlos Gutierrez until, on the 14th day of the inquiry, proof was given that he had certain important documents in his possession which he then caused to be forwarded to your Committee."

This charge is deplorably unfounded. On the day after Sir Henry James's motion in the House of Commons, that is, on the 24th of February, I wrote to your Excellency, saying, "that I should consider it a great honour to furnish the Committee with all the previous proceedings and information which might throw light upon and facilitate its investigations;" and at the same time I sent to your Excellency the "Historical Account" in Spanish. On the day after the first public sitting of the Committee, that is, on the 12th of March, I informed your Excellency that I had ordered the translation into English and printing of the "Historical Account," for the use of the Select Committee. At the same date I sent to your Excellency all the documents relating to

the Costa Rica Loan of 1870. On the 15th of March, that is, the day of the third sitting of the Select Committee, I sent to your Excellency the manuscript translation of the "Historical Account." On the 17th of March I sent to your Excellency the particulars relating to the evidence given by Mr. James Hart on the 15th of that month. On the 15th of March I also sent to your Excellency a communication giving some information respecting the Costa Rica Loan of 1872, raised by Don Manuel Alvarado, but attributed to me by Sir Henry James. On the 19th of March I answered the communication of the Chairman of the Select Committee, dated the day before, informing him that I had sent 18 printed copies of the "Historical Account," and announcing to him that the Secretary of the Legation would attend the sitting on the 22nd with a manuscript statement giving explanations in regard to some of the evidence of the witnesses. The Secretary of the Legation had no opportunity of delivering that statement at the sitting on the 22nd, and he delivered it in print at the next sitting on the 8th of April. On account of the personalties indulged in by certain witnesses with regard to myself, I had to write to the Chairman of the Select Committee on the 11th of April, and to your Excellency on the 14th, sending with the latter communication, documents relating to my services as a functionary of the Republic. The sittings of the Select Committee from the 12th of April to the 10th of May were almost exclusively devoted to the Costa Rica, St. Domingo, and Paraguay Loans. Up to that time I derived no information from the evidence given before the Select Committee as to what documents I should send, because the principal witnesses who could only give evidence respecting the Honduras Loans had not been examined, nor had I received any communication indicating what documents the Committee required.

On the 14th of May I sent to your Excellency eleven important documents, all contracts for the Honduras Loans, and I called your Excellency's attention to some clauses in those contracts which required explanation. On the 18th of May, the Solicitor to the Legation, Mr. Hughes, wrote to the Chairman of the Committee on my behalf, stating that any other document which the Committee might require should be sent immediately, if it were but indicated. I had then obtained from Messrs. Ford and Widdecombe the books of accounts kept by those gentlemen, which had not been delivered to the last trustees, Mr. Haslewood, Captain Pim, and Mr. Kerferd, and which were only delivered to the Legation by the express order of the Select Committee. Before I sent them to the Select Committee, I considered it my duty, for the protection of my Government, to employ a public accountant to examine them; and I placed them at the disposal of the Select Committee on the very day that the said accountant returned them to me. On the 9th of June I sent to your Excellency all the details discovered in the books by the public accountant employed by the Legation, respecting the cheques for £62,183, £83,714, and £3,852, which in the evidence given by Mr. M'Kewan, Director of the London and County Bank, appeared to have been paid to me; but the books showed that those cheques represented, almost to their full amount, sums paid to the trustees of the railway, according to the details and vouchers which I sent with my letter. Then, also, I availed myself of the opportunity to repeat to your Excellency that I would explain any other doubtful point that should be indicated to me. On the 10th of June the Solicitor of the Legation wrote to the Secretary of the Select Committee in my name, offering the Select Committee any fresh information that should be required. Two other communications, dated the 12th and 14th of June, were addressed to the Secretary of the Select Committee by the Solicitor to the Legation, offering in my name any further information that might be thought necessary, if he would only let me know what it was to be. These particulars, my Lord, afford superabundant proof of my endeavours to furnish the Select Committee with all the documents and explanations which it might require; and that if the Select Committee went without any documents or explanations in regard to the Honduras Loans, it was not my fault, for I was never told what documents were wanted, after I had so frequently offered to give them.

Then, my Lord, I have, since the appointment of the Committee up to the present date, personally expended approximatively £2,000 for translations, printing, copying documents, public accountant, and solicitor to attend the sittings on my behalf, and I have the accounts in my possession; an extraordinary expense wholly devoted to enlighten the Select Committee with the various information which I have transmitted; to the translation and the printing of 3,000 copies of the "Historical Account," and 2,000 copies of the Secretary's statement, to be forwarded to the members of both Houses of Parliament, and for circulation amongst the public. And I think, therefore, that this last charge of the Select Committee is another proof of the evident injustice with which I have been censured.

At page xxiv of the Select Committee's Report the following figures occur, which represent, according to the said report, the actual debt and responsibility of the

Honduras Government for its three loans of 1867, 1769, and 1870, contracted in London and Paris for the construction of the railway :—

London loan of 1867	£1,000,000
Paris loan of 1869	2,490,108
London loan of 1870	2,500,000
Interest in arrear up to July, 1875, according to the calculation of the Select Committee	1,230,164
Total principal and interest of those loans	£7,220,272
The Committee deducts for cancelled bonds	692,879
Present total indebtedness of Honduras for the railway loans, principal and interest, due up to July, 1875	£6,527,393

In fact, my Lord, such may be, with tolerable approximation, the nominal sum represented by the three aforesaid loans of Honduras in London and Paris, including the overdue coupons up to July last. But the Select Committee, by involuntary oversight, no doubt, after mixing up the two loans contracted in England with that contracted in France—after putting down those three loans at the nominal sum which they represent, and after adding to those nominal sums the amount of the overdue coupons up to July, 1875—says nothing at all about the capital in cash which the English and French public has really and effectively disbursed to obtain that credit against the Republic of Honduras in so short a time.

I call your Excellency's attention to this second point, because, in my opinion, there is an enormous difference in the appearance of the question if the two extremes be equitably considered.

To state that the Honduras bondholders in England and France are creditors against the Republic for £6,527,397, leaving it to be inferred that the whole of that sum has come out of their pockets, is very different from saying that they may be creditors for that sum, but two-thirds of it represent the profit which the bondholders would obtain if they were paid off now, and only one-third of it represents the capital which they have invested to obtain that profit.

A newspaper of considerable importance in the City of London, which, in addition to its competency, has the merit of faithfully presenting the matter in due form, "The Monetary and Mining Gazette" of the 28th of August, page 2138, says as follows: "From time to time we have undertaken to speak in defence of the various South American States, and others which, in these after times, have found themselves in difficulties from colossal national debts, without having received adequate advantages. The outcries have come principally from the creditors here who have not received the amount of their coupons, and therefore consider themselves injured and despoiled. Very few are they who have listened to our warning, in regard to the illegal dealings of the contractors, agents, brokers, and others; because all of them dwell exclusively upon the idea of the enormous losses suffered by the English speculators. Now it comes to light that there has been much exaggeration in treating of those losses."

Referring afterwards to the two Honduras Loans of 1867 and 1870, contracted in England for the Interoceanic Railway, the same paper makes the following calculation :—

The original sum of the loans was, in bonds (English), in 1867, £1,000,000, and in 1870, £2,500,000; total, £3,500,000.

The sums of money employed in England for the purchase of those bonds, at the price of issue, would be—for the loan of 1867, £800,000, and for that of 1870, £2,000,000, forming a total of £2,800,000.

The dividends and redemptions paid for those loans were :

1867 Loan	Dividends paid	£400,000
	Redemption	120,000
1870 Loan	Dividends paid	500,000
	Redemption	150,000
The bonds of these loans, calculated at the actual price of quotation, 4 per cent., are worth		140,000
Sum recovered and realizable		£1,310,000
Sum which represents the payments of the Honduras bondholders in the loans of 1867 and 1870, to balance		1,490,000
(Capital subscribed at price of issue)		£2,800,000

But there is an exaggeration in these calculations of "The Monetary and Mining Gazette." The Honduras Bonds of the loan of 1867 and 1870, which are in the market, do not represent a cash disbursement of £1,490,000 by their holders, because a great part of those bonds were obtained at a price below that of issue. In proof of this it is sufficient to bear in mind that, on the 18th of July, 1872, there were, according to the books of the trustees, 5,170 bonds in reserve of the loan of 1870, which represent £517,000 nominal; and if the contractors for the loans had given their evidence to the Select Committee, it would have shown that those 5,170 bonds were not placed in the market even at the price of 30 per cent. on the average. So that the sum actually invested by the English public in those two loans may be approximately, and without the least under-estimation, reduced to £1,200,000.

The Honduras Government acknowledges in good faith the engagements it has contracted with its creditors in Europe. That Government has perseveringly endeavoured to find suitable means for the completion of its railway, and for the arrangement of its normal debt with its creditors so that they may be satisfied; and if it has not succeeded as yet, the reason, perhaps, is, that very few of those interested in these matters have thought fit to second the efforts of the Government with the same good faith.

Here I might conclude this very long communication with which I find it necessary to trouble your Excellency, if I did not think it my duty also to show your Excellency the want of solid foundation with which the most extraordinary calculations and suppositions have been circulated, in regard to my personal interest in the loans for the railway. Some newspapers have described me as dwelling in a palace surrounded by lackeys in splendid liveries, and frequently giving magnificent banquets, and this out of the wealth obtained by means of the various speculations which those loans have given rise to. Others have attributed to me an enormous fortune, acquired by dealings and speculations on 'Change.

The first part of the description is simply a fairy tale, probably intended to divert the public in a fantastic manner; but a sight of the reality would very soon dispel the illusion. I have lived for many years in the same suburb of London, and in the same manner as I lived before the loans were raised, always in that modest, economical way which beseems the Minister accredited by a small Republic in which there are neither palaces nor lackeys.

In regard to the second part of those suppositions, I would let it pass unnoticed, if the exceptional position in which I find myself did not compel me to state that, far from having acquired that fortune which is attributed to me, and which I do not possess, I have always displayed the greatest economy in the resources necessary for my modest personal expenses, and to meet at the same time the considerable expenses arising from the Legation under my charge, expenses which it is painful for me to say I have for sixteen years discharged on my own account in the service of my Government. But such, my Lord, is the confidence which I have in the impartiality, rectitude, and justice of your Excellency, that I shall consider it an honour to furnish your Excellency with any other detailed explanation on this point.

I have never interfered or participated in any kind of speculations on 'Change, therefore I have never either gained or lost a single shilling by such speculations. Nor have I ever, during my representation as Minister to this Court, communicated to my most intimate friends any information which might tempt them to such operations.

It is very painful for me to have to trouble your Excellency with statements of this personal character, which have not been required of me by your Excellency, and which are at the same time so foreign to the nature of a diplomatic communication. But the attacks upon me by Sir Henry James in the House of Commons, and the special censure of my official acts in the report presented by the Select Committee, have instigated various newspapers to calumniate and insult me cruelly; and I trust that your Excellency will vouchsafe to excuse me if, for this reason, I avail myself of the opportunity to refute such unjust and ignoble imputations on the Minister of Honduras at this Court. Whilst I do this, I cannot refrain from expressing my gratitude to your Excellency for the statesmanlike dignity, composure, and moderation with which your Excellency has hitherto looked upon this disagreeable question, and proposes to examine its antecedents in detail.

From the year 1871, when the affairs of the Honduras Loans and Railway began to be seriously complicated, it would have been for my personal convenience to ask my Government to allow me to retire from this Legation, and to entrust such unfortunate matters to some one else better qualified to overcome the difficulties. But the civil war which then raged in the Republic, and the fact that those affairs had been successively abandoned by every one who had taken an active part in originating or conducting them,

and had been successively left in a worse condition, made it my duty to remain at my post in the service of the Republic, to execute the orders which my Government might send me. In pursuance of those orders, I have used every effort up to the present time, in concurrence with the Special Commissioner sent by the Government, not only to get the construction of the railway gone on with, but also to arrive at a satisfactory and equitable arrangement with the bondholders, with whom the Honduras Government has the greatest sympathy, and to whom it considers itself bound by common interests depending on the construction of the Interoceanic Railway.

I should have wished, my Lord, to avoid in this communication every kind of allusion of a general or particular character, even such as are necessary for the vindication of my Government and myself, but such reserve, in a matter like the present, would only be prejudicial to the knowledge of the truth, in which so many are interested.

About five-and-twenty bondholders, perhaps, have upon various occasions, and with more or less frequency, applied to this Legation during the last four years, and generally with the greatest courtesy, to make inquiries respecting the Honduras Railway Loans. But on the other hand, it is extraordinary what a number of officious persons, who never held a single Honduras Bond, have tried to meddle, on various pretexts, in the matters to which I am about to refer; some of them threatening meetings and the Press, others availing themselves of anonymous communications which I care not to describe, and many seeking to impose pecuniary conditions on various pretences.

Nevertheless, nothing has had such an effect upon me as the censure of the Select Committee, founded on partial evidence, in great part prepared beforehand by the promoters of the Select Committee. And when mention is made of the promoters of the Select Committee, it is because such is the inference from a perusal of the Appendices C and D which are annexed, and which contain copies of letters written to this Legation by two of the witnesses, who have furnished Sir Henry James with a considerable part of the information upon which he founded his motion in the House of Commons on the 23rd of February.

Appendix C contains the correspondence of Mr. Robert Watt who, in his evidence on the 13th of April, said that he had had no personal communication with Sir Henry James before the motion in the House of Commons; yet, nevertheless, while he was making that motion, Sir Henry James read a letter from Glasgow, which came from the said Mr. Watt.

From the correspondence which I give, your Excellency will learn that Mr. Watt began by proposing a new loan for Honduras in 1873, upon which he wished to have a commission. As neither his proposals for a new loan nor his solicitations for a commission were attended to, it appears that Mr. Watt called a meeting of bondholders in August, 1873, when he delivered a speech, which he circulated in print, and which is reproduced in Appendix C; its pathetic conclusion contains phrases similar to those of the letter from Glasgow, read by Sir Henry James in the House of Commons on the 23rd of February last. In that speech Mr. Watt said nothing about the new loan for Honduras, which he had so eagerly proposed some weeks before he delivered the said speech, nor of the commission which he had solicited; but he described himself for the first time as the holder of a Honduras Bond, and he gave an extraordinary account of his inquiries into the affair, which is hardly in keeping with his correspondence proposing a new loan.

In that same speech of August, 1873, Mr. Watt declared that he, residing in Glasgow, had received letters by hundreds from bondholders scattered over the whole length and breadth of the British Empire—clergymen, spinsters, widows, and orphans—inquiring about these Honduras Loans; an extraordinary circumstance, truly, that so many people should have applied to Mr. Watt, whilst only about twenty of the various bondholders had sought information from the recognized agents of the Honduras Government. Then Mr. Watt appears as the promoter of a Provisional Committee for the Protection of Bondholders; he signs circulars as Hon. Sec., pro tem., and he solicits subscriptions for the expenses of his Provisional Protecting Committee.

On the 3rd of April, 1874, he addressed the Legation in a letter which contains the following incautious sentence:—"With a new Foreign Minister in office at Downing Street, anxious to stand well with Parliament and the country, and with such statements as we intend to make in Parliament after Easter, your Excellency may perhaps consider it desirable to communicate with me here on this subject." And after the publication of the Select Committee's report, he proposed to the Legation in August, 1875, the sale of the Honduras Territory to the United States, and he offered himself as the means of effecting that extraordinary transaction with time and patience; although, to give him

his due, he added, with characteristic modesty, that he wrote in a non-official capacity—could he have written otherwise?—and merely as an individual.

I leave it to your Excellency's enlightened perception to form an opinion in regard to these antecedents of one of the principal promoters of the Select Committee, which Sir Henry James had the honour of proposing in the House of Commons, and of one of the witnesses called upon to give evidence by the same Sir Henry James. I have only to add that a very few days before the appointment of the Select Committee was solicited, a proposal was made to this Legation to settle the matter by the payment of £50,000, and thereby prevent the exposure prepared for the Government and the Minister of Honduras; and a few days after the motion of the 23rd of February, another proposal was made to this Legation to settle the matter for £200,000, with a promise that on payment of that sum the intended exposure should go no further.

Appendix D contains the correspondence of the Rev. Thos. Simpson, who says he has bought Honduras Bonds beyond his means on the faith of a letter from the Legation, which he believed authentic, assuring him that the coupon of January, 1873, would be paid.

I add this correspondence, because an offer was made to the Rev. Thos. Simpson to place it at your Excellency's disposal, and the opportunity has now arrived to do so. I will merely call your Excellency's attention to these two Appendices, C and D, and will make no comment on them.

I could furnish your Excellency with still more extraordinary antecedents respecting other witnesses who gave evidence before the Select Committee, without any other interest or purpose in the matter than to seize the opportunity of satisfying ignoble passions; but for this I should have to make use of confidential correspondence, which I will not do even under these circumstances, although it would give proof of the motives of some of the evidence of a personal character. But I will not conclude without calling attention again to the spirit of partiality exhibited in the report presented by the Select Committee, in everything which relates to the Republic of Honduras and to myself. Twenty-nine times the Select Committee quotes, in its report, isolated passages from the "Historical Account," presenting them as a confession of facts, which are then interpreted by the Select Committee in the spirit which prevails throughout the report. But not once does that report quote the part of the "Historical Account" which explains those facts, nor does it refer to the various explanations given both in the Statement presented by the Secretary of this Legation, and in the various communications which I have addressed to your Excellency respecting the assertions of some of the witnesses.

The Select Committee might have rectified in its report various allegations attacking my character, because the Committee had at its disposal proofs to the contrary; for example, in regard to the intervention attributed to me in the Costa Rica Loan of 1872, and in regard to the cheques which a witness declared had been paid to me personally; yet there is not a word in the report to correct those erroneous allegations and others of a similar character.

And your Excellency may perfectly appreciate what are the consequences of such flagrant partiality, bearing in mind that maxim of Cicero:—"Nihil est tam volucre quam maledictum, nihil facilius emittitur, nihil citius excipitur, nihil latius dissipatur."

I know very well that there are persons interested in my ceasing to represent the interests of my country in London. I have known it for some years; and even if I had not known it, I should have seen it clearly manifested in the speech of Sir Henry James, on the 23rd of February, in the report of the Select Committee, in the articles of some newspapers, and in Sir J. Lubbock's recent question in the House of Commons; the author of those articles and the above-named personages, probably without suspecting it in the least, have served as innocent instruments for very complicated machinations.

"A victim that can offer but little resistance when exposed to public execration—for example, a small State like Honduras, and, as more easily reached and crushed, its accredited Minister; a scandal of some weeks, and a tremendous accusation against that Minister, so as to disable him from insisting on the completion of the Interoceanic Railway, and upon a settlement with the bondholders satisfactory to them and to the Government of Honduras; and when no one remains who has at his disposal all the documents which show how those unfortunate operations were carried on, or when there is no one who can explain how they took place, then the victims will soon be resigned to their fate, and the matter will be forgotten."—Such has been, in my opinion, the solution of the problem which certain persons have lately set themselves to solve, after seeing the turn given to the investigations of the Select Committee.

I am perfectly aware, my Lord, that Her Britannic Majesty's Government cannot approve the virulence and injustice with which some newspapers have recently been

pleased to indite diatribes against the Republic of Honduras, against its accredited Minister in London, and in general against the greater part of the Spanish American Republics.

I know that Her Britannic Majesty's Government is very far from professing that contempt for those nascent States of America which some newspapers have recently shown for them, for no other reason than that certain financial operations have failed in the City of London, and that a Select Parliamentary Committee has censured those operations in excess of its competency.

Those small States offer a generous asylum for European emigration; and to them it is that a great part of the exuberant population of this continent will hereafter have to repair in search of remunerative occupation.

I know likewise that the Government of a powerful nation like Great Britain, which with so much philanthropy, has made immense sacrifices for the benefit of the various races of mankind; the Government of a nation which reckons more than 135,000,000 of coloured subjects in India and its colonies, amongst them 7,000,000 negroes, mulattoes, and mixed breeds, cannot sanction the contempt exhibited by certain newspapers for the American populations, which also include mulattoes, negroes, Indians, mixed breeds, and whites.

But it is certain that the circulation of thousands of copies of those English newspapers, which, in opposition to the requirements of humanity and civilization, have published articles against the small Spanish American States, may produce very serious consequences for commerce and for other international interests.

The State of Honduras, such as it is now constituted, but not such as the Select Committee and some newspapers have sought to describe it, has a treaty of friendship and commerce with Her Britannic Majesty's Government, which entitles the Government of that Republic to expect the consideration due to an independent State.

If those rising Spanish American States do not as yet possess political importance in Europe, they do not on that account deserve systematic abuse in the Press for their weakness and want of extent. Destiny points to the day when they may re-unite in important political groups, just as recently in Europe the small States which now form the Empire of Germany, and the kingdom of Italy, have re-united after ages of dismemberment; but these metamorphoses of nations do not take place with such facility as the writing of articles of feverish criticism, which offer no other novelty and afford no other civilizing lesson than such as are derived from a total ignorance of the geography of those American States, of their increasing development, and of the future which awaits them.

It is probable that if I were to send rectifications or answers of this kind to those London papers which have recently attacked my country in their writings, and have abused my name and my position at their pleasure, after having published a report of the Select Committee on Foreign Loans, I should find the columns of nearly all those papers closed against the defence of my Government and of myself. Therefore I address your Excellency without reserve, for I have great faith in the nobility of British feeling, of which the best interpreter is Her Majesty's Government, and your Excellency holds the high office of Secretary of State for Foreign Affairs in that Government.

I think, my Lord, I have faithfully represented to your Excellency's consideration the affairs of the Honduras Loans to which the report of the Select Committee of the British House of Commons refers. Up to the present time, when I am completing this communication, I have not seen the authentic minutes of the evidence given before the Select Committee, and therefore I cannot be sure that I have answered all the principal points to which they may refer. But your Excellency will always find me ready to extend my explanations on any point that your Excellency may please to indicate to me.

With the deepest respect and the highest consideration, I have, &c.

(Signed) CARLOS GUTIERREZ.

APPENDICES.

APPENDIX A.

List of works, narratives, and pamphlets respecting the international importance of the Honduras Interoceanic Railway and the sylvan and mineralogical wealth of that Republic, forwarded to his Excellency the Earl of Derby, and annexed to the accompanying communication.

Volume 1.

1. Report to the Directors of the Honduras Interoceanic Railway Company, from E. G. Squier, Esq., General Agent for the Survey of the Honduras Interoceanic Railway. 1858.
2. Engineers' Reports, &c. Extracts from Report of J. C. Trautwine, Esq., Engineer-in-Chief for the Survey of the Honduras Interoceanic Railway, New York, May, 10, 1858.
3. Report of W. W. Wright, Esq., First Assistant Engineer. London, July 10, 1858.
4. Report of Lieutenant W. N. Jeffers, U.S.N., Hydrographic Engineer, on the Bay of Fonseca. New York, May 1, 1858.
5. Extract from Report of Lieut-Col. Edward Stanton, R.E., to Sir J. F. Burgoyne K.C.B., Inspector-General of Fortifications. Comayagua, January 23, 1858.
6. Report of John L. Le Conte, M.D., on the Geology and Mineralogy of Honduras, near the Line of the Proposed Railway. Philadelphia, March 16, 1858.
7. Report of Gustavus Holland, M.D., Physician of Surveying Expedition. London July 8, 1858.
8. Extract from Report by Captain M. T. de Lapelin, Commander of the French Frigate "La Brillante," by order of Admiral Odet-Pellion. Paris, 1854.
9. Report on the Honduras Interoceanic Railway, by Charles Seymour, Chief Engineer, Madisonville, Kentucky, U.S., February 5, 1875.
10. Statement presented to the Select Committee on Foreign Loans, by Don Ramon de Silva Ferro, Secretary of the Honduras Legation. London, April, 1875.
11. Enclosure No. 2. Letter to the Right Hon. Lord John Russell, M.P., Her Majesty's Principal Secretary of State for Foreign Affairs, in answer to an abstract of a Despatch from Mr. Wyke. Signed by W. Brown, R. W. Crawford, J. P. Heywood, C. Holland, F. S. G. Kirkpatrtick, A. Darby, J. Robinson, C. F. Moulton.

Volume II.

1. Une Voie nouvelle à travers l'Amérique Centrale, par Henri de Suckau. Paris, 1866.
2. La Vérité sur le Honduras, par Gustave de Belot. Paris.
3. Amérique Centrale. La République du Honduras et son Chemin Interocéanique, par Gustave de Belot et Charles Lindemann. Paris, 1867.
4. Le Chemin de Fer Interocéanique du Honduras, par Victor Herran. Paris, 1868.
5. Les grandes Voies du Progrès, Suez et Honduras. Par Henri de Suckau, Paris, 1869.
6. Deux Interventions en Amérique, Mexico et Honduras. Par Henri de Suckau. Paris, 1869.

Volume III.

1. Explorations and Adventures in Honduras, by William V. Wells. New York, 1857
2. Honduras and the Interoceanic Railway. Report on the Line, by William Alexander Brooks, C.E. London, 1874.
3. Honduras and its Resources considered. London, 1874.

Volume IV.

Honduras—Descriptive, Historical, and Statistical, by E. G. Squier, M.A., F.S.A., formerly Chargé d'Affaires of the U.S. to the Republics of Central America. London, 1870. First editon, New York, 1856.

Volume V.

1. Michel Chevalier on Central America. From "the Journal des Débats," Sept. 6, 1856.
2. E.G. Squier. Honduras Interoceanic Railway. Supplementary Report. London, 1856.
3. Capt. Robert Fitzroy, R.N., to the Earl of Clarendon. Report on the proposed Honduras Interoceanic Railway. London, May, 1856.
4. W. A. Brooks. Reply to Mr. J. B. Hopkins, "British Loans to Central America," as regards the State of Honduras. London, July, 1872.
5. Honduras: Its Present Difficulties and Future Prospects. By a Bondholder.
6. Notizie sulla Ferrovia interoceanica dell' Honduras, raccolte da Napoleone Portalupi, Milano, 1872.

Volume VI.

1. Emprésittos de Honduras. Relacion Historica. Por Don Ramon de Silva Ferro. Lóndres 1, de Enero de 1875.
2. Journey in Honduras, by R.G. Huston, C.E., Railway Contractor. Cincinnati, 1875.
3. Honduras Loans. Historical Account. By Don Ramon de Silva Ferro (translated from the Spanish). March, 1875.

APPENDIX B.

A few remarkable Extracts respecting the importance of the Honduras Railway, and the natural wealth of that Republic:—

"*Explorations in Honduras,*" *by William V. Wells,* 1857, *pp* 425, 532, 533.

"Honduras, west of the department of Olancho, is intersected with veins of silver, which in the last two centuries have poured many millions of treasure into Europe, and have even competed with the richest of Peru and Mexico."

"In the departments of Gracias, Comayagua, Choluteca, and Tegucigalpa, hundreds of silver veins are known, any one of which, worked with scientific and economical apparatus, would certainly enrich those engaging in such enterprises."

"I have endeavoured to establish the fact that gold mines of real value exist; that they are easily accessible from the United States; that, with proper machinery, in the hands of energetic men, they can be profitably wrought, and that the climate is such as will admit of foreigners labouring in the interior of Olancho. If it is to be believed that Americans will locate where gold is to be had for a reasonable equivalent of work—the natural price of all real success—there seems little doubt of the future importance of Honduras to the world."

"A number of Carib women and negroes were engaged in working the mines, using the rudest materials. Some of them were meeting with surprising good fortune. None who worked made less than four dollars a-day, and several had dug from two to four ounces daily. The gold was coarse, exceedingly pure, and doubtless of a similar quality with that assayed for me in San Francisco by Dr. Henston, which proved 91° fine, equal to $ 18·81 per ounce."

"*Report to the Directors of the Honduras Inter-oceanic Railway Company,*" *by E. G. Squier, Esq., General Agent for the Survey, Aug.* 1, 1858, p. 2

"These various reports and documents confirm, in every essential respect, the results of the reconnaissance made in 1853–54, on the evidence of which it was claimed "that, in respect of natural conditions, such as capacious, safe, and altogether unexceptionable harbours at both extremities, and a salubrious country, with abundant resources, the

line of the proposed Honduras Railway is distinguished as combining the obvious and primary requisites for an adequate and permanent interoceanic communication to a degree which has no parallel in the case of any other route of transit, actual or proposed, across the isthmus of Central America."

"*Report of the Honduras Interoceanic Railway,*" *by Messrs. Charles Alberga, A. Inst C.E., and W. A. Brooks, M. Inst. C.E.,* 1873, *pp.* 79 *and* 80 *; and from "Honduras and its Resources Considered," printed* 1874.

"As an inter-oceanic railway there can be no doubt that the Honduras route has many advantages over all others. Situated in the centre of Central America, and with its splendid harbours, it must necessarily attract all the commerce from Europe destined for the Pacific ports of Central America, and even California; while it is certain by this route there will be sent to Europe the coffee, sugar, and cochineal of Guatemala, and the indigo and other produce of the rich State of San Salvador; and with reduced through rates to Europe the large traffic of the west coast of South America might also be obtained."

"It is impossible to estimate the mineral wealth of Honduras, the whole country being full of gold, silver, and copper mines, some in working, and others abandoned for want of capital and proper machinery."

"*Report on the Honduras Interoceanic Railway,*" *by Major-General Corse, U.S.N., associated with General W. W. Wright, July,* 1873, *p.* 3.

"We are fully convinced that the road once completed will prove sufficiently remunerative to pay the interest on the present debt of the Republic of Honduras, and a fair dividend on the additional amount necessary for its completion. This, without considering the immense revenues the Company must derive from the lands, valuable forests, and mines embraced in the munificent concession of the Government to the company."

"With reference to the products, resources, climate, &c., of Honduras, I can simply add that my personal knowledge goes to corroborate the most flattering reports made by the engineers, scientists, and travellers who have visited that marvellous country."

"In conclusion, I beg to say that, to my mind, the important fact is established that across the Republic of Honduras there exists a perfectly feasible route for a railway, with natural harbours at its termini; that it can be constructed within three years, at a reasonable cost, and that it will, when completed, make a handsome return for the capital invested."

"*Report on the Honduras Interoceanic Railway,*" *by Charles Seymour, Chief Engineer H.I.R. Co., Madisonville, Kentucky, U.S., February,* 1875, *pp.* 7 *and* 8.

"The natural inducements to construct this Honduras Railway are very remarkable, in addition to the varied wealth and resources of the country yet undeveloped. The two great rivers, Guascoran and Humuya, afford a cheap and feasible location for a railway, running as they do from their summit in opposite directions, the one north into the Atlantic, and the other south into the Pacific Ocean. The location is so good, that it seems specially designed by nature for a railway route.

"Honduras has a population of 350,000 people, who live without much exertion, and have no enterprise. They import such articles as sugar and coffee, when no country in the world should excel theirs in the production of these staples. The valuable mines of the country, of gold, silver, copper, iron, (and, I believe, of lead and coal), remain disregarded and unworked."

"Le Chemin de Fer Interocéanique du Honduras," par Victor Herran, 1868, *pp.* 33, 37.

M. Herran, Ministre du Honduras.

Monsieur, *Vienne, le* 17 *Août*, 1856.

Vous m'avez fait l'honneur de me demander, dans votre lettre du 8 courant, quelques renseignements concernant la République du Honduras, que j'ai examinée et parcourue dans tous les sens pendant les voyages que j'ai faits dans l'Amérique Centrale, sous les auspices de l'Académie Impériale et Royale de Vienne; je m'empresse de satisfaire, de mon mieux, à vos désirs par les lignes suivantes. La question principale que vous m'avez posée est relative à la possibilité de construire, sur le territoire du Honduras, un chemin de fer partant de Puerto-Caballos, sur l'Atlantique, et aboutissant au golfe de Fonseca, sur le Pacifique ?

En réponse à cette question, je suis heureux de vous faire connaître qu'ayant visité la plus grande partie du pays que le tracé du chemin de fer projeté doit traverser, j'ai acquis la conviction que l'exécution de cette ligne ne rencontrera aucun obstacle invincible; elle présentera même beaucoup moins de difficultés qu'on ne le suppose. En jetant un premier coup d'œil sur la carte de Honduras et sur le système montagneux du pays, le voyageur qui traverse cette contrée et qui l'envisage de près aura bientôt acquis la certitude que les vallées immenses de la rivière Ulua (se jetant dans l'Atlantique) et de la rivière du Goascoran (coulant dans le Pacifique) offrent toute facilité pour l'exécution du chemin de fer projeté, et que la ligne, d'une longueur de 210 milles Anglais, ne s'élève sur aucun point à plus de 2,400 pieds au-dessus du Pacifique. Les savantes études qui ont été publiées à ce sujet par M. Squier, ancien Chargé d'Affaires des Etats-Unis auprès du Gouvernement de l'Amérique Centrale, et que vous connaissez sans doute, ainsi que le rapport fait récemment par le célèbre capitaine Robert Fitz-Roy, au Ministère des Affaires Etrangères à Londres, me dispensent d'entrer ici dans de plus amples détails, et je me bornerai à vous dire que pendant mon voyage j'ai eu plusieurs fois l'occasion de vérifier l'exactitude des travaux ci-dessus mentionnés.

Du Mexique à la Nouvelle-Grenade il n'y a pas un point dont la position géographique soit plus favorable à la construction d'un chemin de fer que l'Isthme de Honduras, tant pour le passage des voyageurs que pour le transport des marchandises et des lettres entre la Californie et les immenses territoires de l'Asie Occidentale.

Les ports qui formeront les points de départ de cette voie ferrée réunissent toutes les conditions favorables à la réalisation de cette grande entreprise, principalement celui de Fonseca sur le Pacifique, qui peut être considéré comme le plus vaste et le plus sûr de toute la côte occidentale. Toutes les flottes marchandes du monde peuvent se réunir dans ce vaste bassin, et y échanger les richesses naturelles des tropiques contre les produits manufacturiers de la civilisation Européenne.

Les nombreuses ressources matérielles du Honduras contribuent à faciliter l'établissement du chemin de fer; des forêts qui s'étendent à perte de vue fournissent en abondance le bois nécessaire à la construction de la voie; des rivières navigables, pendant la saison des pluies, sur des parcours considérables, servent au transport du matériel et des produits du sol.

Mais ce qui donne encore plus d'importance aux plateaux du Honduras, c'est, à part leur fertilité et leur printemps perpétuel, la salubrité de leur climat, qui permet aux colons du Nord de les cultiver sans exposer leur santé.

J'ai visité la plus grande partie de l'Amérique du Nord, depuis le Canada et le Lac Supérieur jusqu'à la Louisiane, et je n'ai rencontré aucun territoire qui, à une hauteur de 3000 pieds au-dessus du niveau de la mer, offrit à l'agriculteur les mêmes avantages que les plateaux de l'Amérique Centrale. Des observations météorologiques, que j'ai faites pendant deux ans dans les différentes parties du pays, et dont je me propose de publier les résultats prochainement, il résulte que, sur les hauteurs de 3000 pieds, le thermomètre de Fahrenheit n'est tombé que très-rarement au-dessous de 60° et ne s'est élève guère au-dessus de 82°; la température moyenne est donc de 69 à 75° Fahrenheit.

Le sol du Honduras est, à peu d'exceptions près, d'une telle fertilité que, sans avoir besoin d'être engraissé, il donne de deux à trois récoltes par an. Les produits de la zone torride, le café, la canne à sucre, le cacao, le coton, le tabac, le riz, le bananier, le maïs, la suca, la yanc, la patate, &c., y viennent en abondance. On peut y cultiver avec le même succès le blé, l'orge, l'avoine, le seigle, et toutes sortes de fruits et de plantes nutritives d'Europe. Un climat délicieux permet à l'émigrant de travailler toute l'année, et, avec moins d'efforts, de gagner dix fois plus dans nos contrées. Dans

plusieurs endroits de l'Etat on rencontre des mines d'argent, d'or, de plomb, de cuivre et même de fer qui ne sont pas exploitées, faute d'argent et d'ouvriers capables.

Les plateaux du Honduras, ainsi que ceux de l'Amérique Centrale en général, nous fournissent la preuve que la société peut jouir des différents produits des tropiques devenus si indispensables à la civilisation, comme, par exemple, le coton, le sucre, le café, sans être obligés de recourir à l'abominable institution de l'esclavage ; en effet, tous ces produits peuvent être cultivés par des hommes libres, par des colons Européens, sans le moindre inconvénient pour leur santé et sans le moindre risque pour leur vie.

Je m'étendrais trop loin si je voulais énumérer les nombreux avantages que les capitaux engagés, que l'émigration, que l'industrie, le commerce et même les sciences pourraient tirer de ces admirables territoires de l'isthme, en les ouvrant, par le moyen d'un chemin de fer, au concours universel. En offrant ces plateaux pittoresques et fertiles, mais solitaires, à l'émigration étrangère, le Honduras recevrait en échange tous les immenses trésors que la civilisation Européenne a su amasser depuis des siècles.

Comme vous m'avez exprimé le désir de publier ces lignes (ce à quoi je vous autorise volontiers dans l'intérêt de l'entreprise), je suis forcé de resserrer dans un cadre très-restreint le tableau du pays, sur l'importance duquel j'aurais encore à vous communiquer mille détails intéressants ; mais vous trouverez tout ce que je pourrais vous dire à ce sujet dans mon ouvrage sur les Etats du Nicaragua, du Honduras et du Salvador, qui paraît en ce moment à Brunswick ; je me résume donc ici en deux mots : Il n'y a guère dans le nouveau continent de pays qui ait, à mon avis, un plus grand avenir, et qui présente en même temps des avantages plus réels à la colonisation, à l'industrie et au commerce Européens que les Etats qui forment l'Amerique Centrale. Situés entre les deux plus grands océans du monde, ils sont les intermédiaires forcés de tout le commerce qui se fait entre l'Europe, les Etats-Unis, la Chine, le Japon, l'Australie et les Indes Orientales.

Enfin, l'établissement d'un chemin de fer à travers l'Isthme du Honduras ne peut manquer d'attirer une quantité considérable de colons Européens vers ces contrées saines et fertiles. Ainsi, ceux qui auront, soit par leurs capitaux, soit par leur influence, contribué à peupler et à défricher ces vastes solitudes, auront non-seulement rendu un immense service à l'humanité, mais il auront encore participé à une excellente spéculation.

Veuillez, &c.

Pour copie conforme,
V. Herran.

(Signé) Dr. Carl Scherzer.

APPENDIX C.

Letters and other Documents by Mr. Robert Watt to the Honduras Legation, from Jan. 20, 1873, to Aug. 12, 1875 :—

Honduras Bonds.

Dear Sir, 9, *Gordon Street, Glasgow, January* 20, 1873.

At 11·15 to-day I telegraphed to you as under :—

"Telegraph if you allow me 2½ per cent. on new loan, I will give you successful plan. Write also. This is last chance."

By this telegram I mean that if you consent to allow me a commission of 2½ per cent. on the amount of a new Honduras Loan, I shall place you in a position to issue that new loan successfully. Of course, if a new loan was not issued and found impracticable no commission will be exigible.

Also the telegram means that if this opportunity be not taken, it may be the last chance that may offer for resuscitating the finances of Honduras. I shall be glad to have your acquiescence, when I shall at once proceed to business.

My excuse for this course is that it seems to me that the cause hitherto adopted is an erroneous one, that no men of experience in these matters exist among the bondholders, and that I cannot afford to take up public questions of this nature, when others are to be benefited, without some adequate remuneration.

Yours faithfully,

R. WATT.

Dear Sir, *9, Gordon Street, Glasgow, January* 30, 1873.

Touching my letter of the 20th current, I think it a pity that time should be wasted, especially at this moment, when, owing to the reduction in the Bank-rate to-day, money is likely to be as low as it will be for some time.

The more I think over my plan for a loan, the more I approve of it. But the first step should be an obligation for a commission on a new loan. This I shall have to divide and subdivide to secure co-operation.

If I have your assent to the rate of 2½ per cent. mentioned in my letter of the 20th, I shall lay the details of my plan before a financial correspondent in London, a director of a financial company, which might (if he approves of it) be induced to issue a new loan, and I shall ask him to see you. If requisite, I can visit London to complete the details. Probably you will think it worth while to let me have such an agreement, or at least, to let me hear your objections, if you have any.

Faithfully yours,

R. WATT.

Civil and Military Club, 316, *Regent Street, W.*,

Your Excellency, *June* 4, 1873.

The matter on which I wrote to you to-day from the City seems to me of so much importance that I shall do myself the honour of waiting on your Excellency to-morrow, about 11, in the hope of bringing with me the agreement mentioned.

You may rely upon it that your agents are only wasting their time in attempting to carry into effect a loan on subscription, without the aid and co-operation that I propose to bring to their assistance.

I have the honour to be,

Your Excellency's most faithful Servant,

R. WATT.

His Excellency Don Carlos Gutierrez.

Lombard Exchange, London, E.C.,

Your Excellency, *June* 4, 1873.

Since I had the honour of writing to you to-day, I have had the advantage of a consultation of a few of the Honduras bondholders, who approve of my plan.

It will not in any shape interfere with any arrangements now being made by yourself or the Honduras Commissioners; on the contrary, I would co-operate with them.

The rate of discount having been to-day advanced at the Bank of England to 7 per cent., it is clear that any financial scheme to raise money must remain for the present in abeyance. But I make now a distinct proposal to your Excellency to agree with me, on behalf of your Government, for a percentage of 1½ per cent. only on the nominal amount of money to be raised for the purposes the Honduras Inter-Oceanic Railway, and for that amount of commission on these bonds, whether raised now or at some future time, I will give my time and attention at once to the execution of my ideas.

As soon as I receive your Excellency's acquiescence in this proposal, which may be easily here to-morrow, I shall take immediate steps to call a meeting of the bondholders to give their assistance in the matter.

I am desirous of returning to Glasgow as soon as possible, and wish to make all necessary arrangements before I leave London.

Hence I hope to have the honour of your Excellency's reply at once.

And I have the honour to be,

Your Excellency's most obedient Servant,

R. WATT.

To His Excellency Don Carlos Gutierrez,
Minister of Honduras, &c., &c.

His Excellency Don Carlos Gutierrez, Cornwall House, N.

Lombard Exchange, London, E.C., June 4, 1873.

May it please your Excellency,

I have not yet had a note from Captain Pim asking me to see the detailed accounts of the Honduras Loans.

The more I think over, and the more I inquire into the circumstances, I am the more convinced that the plan for improving the finances of Honduras, in reference to the completion of the Interoceanic Railway, can only be carried out in the way I have all along contemplated.

But to do so involves an expenditure of time and money on my part, for behoof of a body of fellow-bondholders, which as a merchant I cannot afford to bestow without the hope of some ultimate remuneration if the plan is successful.

Therefore, I am induced to lay the idea before your Excellency in the hope that (as my applications to Captain Pim have been entirely unsuccessful) you may be induced to offer me such a percentage on a loan on subscriptions for the Inter-oceanic Railway of Honduras as may induce me to adopt the only means which I consider the least likely to be successful.

What these means are to be, you must not inquire in the present stage. They will involve, on my part, time and trouble.

In short, what percentage will your Excellency guarantee on behalf of the Honduras Government—say, from 2½ to 5 per cent.—on subscriptions for this purpose?

In the hope of hearing definitely from your Excellency hereon without delay,

I have the honour to be,

Your Excellency's most obedient Servant,

R. WATT,

Of Glasgow.

To His Excellency Don Carlos Gutierrez,
Minister of Honduras, &c., &c.

Speech of Mr. Robert Watt, at the Meeting of Honduras Bondholders, on the 7th of August, at Cannon Street Hotel.

(*Extended from "Investors' Guardian" of August* 9, 1873.)

Gentlemen,

I offer no apology for appearing before you to-day, since I apprehend that this meeting has arisen entirely out of the natural course of events. It becomes my duty now to lay before you a short narrative of the circumstances which have led to this meeting being called; and if in this narrative the personal pronoun appears more frequently than is warranted by the rules of good taste, I beg you will attribute that entirely to the peculiar facts of the case. Gentlemen, all of us know something more or less (rather less, indeed, than more) of what may be called the surface history of these loans. But that there is a deeper and more secret history yet to be revealed, the few facts I have now to mention will, I hope, convince you, and if you are so convinced, then I hope you will give us power to probe the matter to the very roots.

My own particular case affords a very good example to begin with, according to the Latin maxin, "ex uno disce omnes;" or, in other words, we shall endeavour, from the experience of one bondholder among us, to discover such a remedy as may enable one and all of you to recover your full amount of principal and interest.

In January, 1871, being in search of an investment, I observed in the Official List of the Stock Exchange a quotation for a 10 per cent. Honduras Government Railway Loan of 1870. I wrote to the London and County Bank, who had issued the loan, for information as to the nature of the security. The bank sent me a prospectus, and, after a careful perusal of it, I wrote to the bank that I was satisfied with their statement of the security, and had bought the bonds on the faith of it. Coupons and one or two drawn bonds were paid to me by the bank, until, in January, 1873, default was made in the payment of the coupon then due. Ten days after that default I wrote to the bank if they had funds to pay; and if not, why not? The bank replied that they had no instructions on the subject, and referred me to a Central American Association at Westminster Chambers, Victoria Street, for information. (You will perceive, as this narrative progresses, that no one in this business seems capable of answering a simple question, but you are always referred to some one else.) I rejoined that I knew nothing of any such Association, that I had dealt with the bank in the matter, and I inquired who were the trustees to whom, in terms of the prospectus they had sent me, they had paid the proceeds of this loan for the purposes of the Honduras Interoceanic Railway. The bank declined to give this information, pleading the custom of bankers to give information only to persons concerned. To which I very naturally

responded that I was a party materially concerned, and that I was determined to have my question answered by a registered officer of the London and County Bank, and hinted at ulterior proceedings. I told them, in writing, to lay my letter before the board of directors, and to let me have their minute upon it. To this the bank responded that the tone of my letter was such as to preclude further correspondence.

Then, on the 10th of January, 1873, I apply by letter to Messrs. Bischoffsheim and Goldschmidt to ask the names of the trustees to whom, in terms of the prospectus, the proceeds of these loans were paid for the purposes of the railway. Messrs. Bischoffsheim and Goldschmidt replied on the 11th of January, regretting their inability to give me the desired information, and, as usual, referred me to the Honduras Minister.

On the 28th of March, 1873, when the report of the former committee had been issued, I again applied to the London and County Bank for information as to these trustees, pointing out the fact, that according to this report the net issue of these loans amounted to £2,735,937, while out of that amount only the small sum of £562,800 had been applied to the works of the railway, leaving the large sum of £2,173,137 unapplied to the purpose for which these loans were raised.

I inquired if the bank was now prepared to give me the information asked for, or to repay me the price of the bonds I had bought on the faith of their representation. No reply has ever come to that letter. Well, gentlemen, I proceed with my inquiries. I hear a great deal of gossip and talk on this matter, as we have all heard; I held conversations and interviews with His Excellency the Honduras Minister and others; and, on the 10th of June, I wrote to Messrs. Bischoffsheim and Goldschmidt asking if they would answer me some questions I should put to them in writing, touching the issue of and dealings in these loans. On the 11th of June, Messrs. Bischoffsheim and Goldschmidt wrote to me that, as already explained to me verbally, they had merely attested the signature of the Honduras Minister. (Laughter.) You will observe that the prospectus states that these bonds were to be countersigned by Bischoffsheim and Goldschmidt, the agents of the Honduras Government in England, whereas, according to their reply, they place themselves merely in the position of attesting clerks. Therefore I wrote to them on the 12th of June once more, but to that letter I have had no reply. Now, gentlemen, I think I feel justified in stating, upon that short narative, so far as it has gone, that I have been deceived. (Hear, hear.) It is by no means pleasant, Mr. Chairman, to have to state publicly that one has been deceived. But, if we have been deceived, our remedy is easy and simple. Who deceived us? Those who issued these prospectuses. (Hear, hear.) Who issued these prospectuses? The only names I find there are those of the London and County Bank and Messrs. Bischoffsheim and Goldschmidt. (Hear, hear.) The inference, gentlemen, is obvious.

Beyond all this, however, my colleagues and myself possess information of a very extraordinary character. Mr. William Griffiths, a well-known member of the Chancery Bar, and myself, were deputed by a preliminary meeting of bondholders to wait upon His Excellency the Honduras Minister, to endeavour to persuade him to waive his official privilege as a Foreign Minister that he might appear here or elsewhere to answer such questions as might be put to him, touching the raising and application of these loans. The argument we used was the honest and straightforward one, that by so doing he would tend to dispel any cloud of suspicion that rested upon him or his Government, and by restoring in some degree the credit of his Government, such as it is, would enable them directly or indirectly to complete the public works for which these loans were ostensibly raised. I deeply regret, gentlemen, to have to report to this meeting of bondholders that our proposal was unhesitatingly declined.

At this interview we were told that there were three trustees of one or other of these loans, named Messrs. Ford, Widdecombe, and Barnes. We have been unable to obtain any information as to the whereabouts of these gentlemen. So once more, on the 29th of July, I wrote to the London and County Bank, asking the addresses of these gentlemen, and the details of an alleged trust deed to which they were said to be parties. A secret trust deed I feel justified in calling it, since we never heard of it before, and it does not appear in the prospectus. Within an hour of my letter being in the hands of the secretary, the manager replied that he would now give information to any properly qualified person; that was one reason why that meeting had been called together. We were also told that the whole sum which had come from the public out of this loan was about £12,000, which had been disposed of in terms of this trust deed.

At this same interview we were asked triumphantly how we expected our coupons and drawn bonds to be paid? To this we answered that we certainly never expected our interest and sinking-fund to be repaid to us out of our own capital, but that we had been taught by the prospectus to look to those "boundless forests of mahogany of immense value" (I quote the words of the prospectus), which were to be consigned to Messrs. Bischoffsheim and Goldschmidt for payment of our interest. (Hear, hear.)

On this point of shipments of mahogany we are tendered some evidence of a very extraordinary character, to be used when this case assumes that aspect which, from your appearance here to-day, I feel confident it must ultimately assume.

Now then, gentlemen, we come to the question, how these loans, managed in the way I have described, came to find their way into the official list of the Stock Exchange?

Observe, we have no complaint to make against the Committee of the Stock Exchange. I do not believe there is at this moment on the bench one single judge who wears his ermine with a more unspotted reputation for honour or integrity than the members of that committee. But they possess official documents, declarations have been lodged with them when these quotations were granted, and we desire your authority to have access to these documents, in order that, by comparing them with other evidence we possess, we may be able to ascertain if that Committee has been equally deceived with ourselves. (Hear, hear.)

Then, again, we come to the collapse which took place in the price of these bonds. We all remember the earnest entreaties which were addressed to former meetings, where bondholders were implored not to sacrifice their property for the benefit of a class of dealers called "bears," but to wait till some "Deus ex machinâ" arose for their special benefit. Now, however, we are told that at that time the State of Salvador invaded Honduras, that the Honduras Government being pressed for money, pledged the unissued portion of these bonds with their agents or bankers at a price from £40 to £50, the market price then being £80, and that these bankers or agents threw these bonds on the market to repay themselves, and the collapse occurred. (Hear, hear.)

We, who have attained middle age, can remember cases of collapse in the shares of *bonâ fide* commercial undertakings. Let us take, for example, the serious depreciation which occurred some years ago in the shares of the Grand Trunk Railway of Canada. We all remember how upon that occasion the directors, notably Mr. Baring and Mr. Glyn (late Lord Wolverton), came forward boldly and manfully, disdaining to shelter themselves behind any flimsy pretext of official privilege or the custom of London bankers—(hear, hear)—made such explanation and reparation as lay in their power, and, as a consequence, the names of Baring and of Glyn are "household words" in every commercial establishment in the world. (Cheers.) But, gentlemen, these men were Englishmen! and it forms no small part of our duty here to-day to read a lesson to others that if they will conduct a business in England, they must do so on the same terms that Englishmen do. (Cheers.)

With respect to the completion of the Honduras Inter-oceanic Railway, of which we have heard so much, when my colleagues and myself first entered upon this movement we resolved to maintain a strict neutrality. We have been frequently assured by the representatives of the Honduras Government that this railway would be completed without calling on the bondholders for a single sixpence, or without infringing one iota of their rights.

A proposal, however, has now gone the round of the newspapers, by which we learn for the first time that we are to be asked to exchange our bonds for shares in some new railway undertaking. Seeing that this bond which I hold in my hand, already conveys that railway to me; that it is already our own property; that this bond besides forms my title to those "boundless forests of mahogany of immense value!"—(hear, hear, and laughter)—together with the whole revenues of the State of Honduras—(hear, hear)—the only answer I can make to that proposal—speaking for myself individually—is conveyed in the vulgar but emphatic expression, "Not if I know it."

There are other facts known to us which, combined with what I have mentioned, will enable us, with your support, to saddle these "contractors, trustees, and others" with a responsibility from which they cannot escape. (Hear, hear.) Let the bondholders support us in this movement, and no stone will be unturned, no exertion will be spared, until the very last sixpence of principal and interest has been extorted from these men, and handed over to those who have supported us. (Hear, hear.)

These, gentlemen, are the hard legal and commercial aspects of the question you have been called together to consider. Thank Heaven we, who are men of business, can protect ourselves; but there is another and sadder aspect of this matter to which, in conclusion, I feel bound to call your attention. Here are letters—hundreds of them—

many of them of a most distressing character, from bondholders scattered all over the length and breadth of what was once called "Merry England." From many a rural parsonage, from the solitary home of the spinster, from the impoverished dwelling of the widow and the orphan, many a fervent prayer ascends to heaven for success in our efforts. Dare we turn a deaf ear to those entreaties? No! Come, then, and give us the powers my colleagues are now about to ask you for, and then, in the words of the well known ballad—

"Then Hope will launch her blessed bark
On sorrow's darkening sea;
And misery's children have an ark,
And saved from sinking be."

(Cheers.)

It is intended to raise a Fund for the purposes of the Provisional Bondholders' Protection Committee, and subscriptions may be sent to me in the meantime; these I shall acknowledge, with a view to a publication of them hereafter by the committee.

ROBERT WATT.

Lombard Exchange, E.C., August 14, 1873.

Honduras Bonds.

Dear Sir,

The Provisional Committee have, pursuant to the pledge given to their constituents, convened a meeting, which was numerously attended by bondholders, and by representatives of the interest opposed to them.

There appeared to be some hesitation on the part of a portion of the bondholders as to the expediency of adopting any active measure at this moment, in consequence of alleged negotiations with the Government or Provisional Government of Honduras.

Under these circumstances the appointment of a committee of inquiry has been postponed, and your committee pledge themselves to convene a general meeting of bondholders later in the year.

Meanwhile the Committee will continue to pursue their labours as a Provisional Bondholders' Protection Committee, and accordingly solicit your continued correspondence and support, as it is desirable to strengthen their organisation in the face of the fact that the bondholders are subjected to a systematic resistance to their rights.

All communications may be addressed to me, as heretofore.

I am, dear Sir, yours faithfully,

Lombard Exchange, E.C., August 14, 1873. ROBERT WATT.

His Excellency Don Carlos Gutierrez, London.

Your Excellency, 9, *Gordon Street, Glasgow, April* 3, 1874.

By an application to the Foreign Office, I have been placed in possession of the correspondence between that office and the trustee on Carmichael's estate.

One paragraph in that correspondence refers to an offer on the part of your Government to pay Carmichael's estate their debt by shipments of timber.

Now, without prejudice to all the rights of the Honduras bondholders against all and sundry, on whom they have, or believe they have, claims in any manner of way, this clause above mentioned gives me a new light, and I come now to inquire whether such a settlement on the part of your Government would not now be practicable; that is, of such claim as the bondholders may have on your Government, but always under reservation of all claims against all other parties, loan contractors, railway contractors, brokers, and all others whomsoever.

Your Excellency will do well not to infer from this that the party with whom I have acted in this matter from the beginning show any signs of weakness, or of a desire to compromise. On the contrary, we have not been idle, and are in a stronger position than we have ever yet been.

Still, as this idea is new, I have taken the liberty of suggesting it to your Excellency, in the hope that you may let me hear from you.

With a new Foreign Minister in office in Downing Street, anxious to stand well with Parliament and the country, and with such statements as we intend to make in

Parliament after Easter, your Excellency may perhaps consider it desirable to communicate with me here on this subject.

All my communications with your Excellency, both written and verbal, have been so courteously received hitherto by your Excellency, that I venture once more to approach this unpleasant subject.

And I have the honour to be,
Your Excellency's most obedient Servant,
R. WATT.

Honduras Loans of 1867 *and* 1870.

Sir,

It is proposed now to prosecute vigorously the claims of the bondholders against the loan contractors and others for the full amount of the principal and interest due on their bonds.

Articles of agreement among the various classes of bondholders have been prepared with that view, which articles contain arrangements for the supply of the requisite funds, for the distribution of the principal sums if successful, and for an equitable division of the costs if unsuccessful.

Will you kindly inform me if you are still a bondholder, and desirous of taking part in this active movement? In which case, if you send me the numbers and amounts of your bonds, I shall explain the intention of the Committee, and give you a choice of one mode or other of co-operating with us to your advantage.

In the case you have parted with your bonds, will you have the goodness to hand this circular to any friend whom you know to be still a bondholder.

I am, Sir, your obedient Servant,
ROBERT WATT,
Lombard Exchange, London, E.C., June, 1874. Hon. Sec. *pro tem.*

His Excellency Don Carlos Gutierrez, Cornwall House, Tufnell Park, London.

Your Excellency, 9, *Gordon Street, Glasgow, May* 3, 1875.

Can you kindly inform me of the date and amounts of rifles sold to your Government in 1872 and 1873?

I have to receive a per centage on them from the German Government, and the gentleman who conducted the sale is at present absent from London.

It would save me much trouble if you could give me this information, and enable me to balance accounts with the Prussian Government.

When you have occasion to write, you might also—but this entirely in your own discertion—say what is to be the future course in these bonds of ours, or what is to be the result of all these recent publications.

I have the honour to be,
Your Excellency's most obedient Servant,
ROBERT WATT.

His Excellency Don Carlos Gutierrez, Cornwall House, Tufnell Park.

Your Excellency, 8, *Gordon Street, Glasgow, Aug.* 3, 1875.

The report of the Special Committee of the House of Commons having now been published, we are all able to judge of the case, and to see what course can be adopted for the benefit of all parties.

In this particular instance I write as an individual, and not in an official capacity, and I beg that your Excellency will understand that what I say now is without prejudice to any right my colleagues or I may have to recover our pecuniary interests, or to take other measures to which we may be advised against all those liable to reimburse us, the bondholders.

On this neutral ground then, will you kindly permit me to inquire how you, yourself, in the first instance, and how your Government in the second, would view a cession or sale of the country and territory of Honduras to the United States' Government?

I can see many advantages in such a cession—the completion of the Inter-oceanic Railway, for instance, by the United States Government—and various other collateral advantages. Further, I believe it can be done, and, with time and patience, that I could do it.

As mentioned on the other side, I write in a non-official capacity, without as yet having consulted my colleagues hereon; so that, in the meantime, I beg that your Excellency will have the kindness to view this as an entirely individual idea, which, however, may ultimately be worked out hereafter to some advantage.

Perhaps your Excellency will do me the favour to let me have your opinion hereon at your earliest convenience,

And I have the honour to be,

Your Excellency's most obedient faithful Servant,

R. WATT.

His Excellency Don Carlos Gutierrez, London.

Your Excellency, 9, *Gordon Street, Glasgow, Augvst* 12, 1875.

You cannot fail to perceive the unpleasant nature of the results which have ensued from a neglect of the often-repeated urgent requests on my part that restitution be made to the bondholders before matters assumed so serious an aspect.

Even yet cannot your Excellency arrange with Mr. Bischoffsheim and the others to do what is just?

You know from the beginning how my colleagues and myself pledged ourselves to carry this matter to the utmost extremity, and although you doubtless disbelieved our statements, still you see now that public opinion is fairly roused.

Pray let me urge you once more to make such arrangements as are practicable, and permit me to call my colleagues together to hear your proposals. If fair and reasonable, you shall have our co-operation in obtaining the assent of the bondholders to them.

Let me kindly hear from your Excellency at your earliest convenience.

And believe me to be,

Your Excellency's most obedient faithful Servant,

R. WATT.

His Excellency Don Carlos Gutierrez, London.

Your Excellency, 9, *Gordon Street, Glasgow, September* 15, 1875.

Have you no proposal to make? You must see by this time how impossible it is to do any effective work regarding any portion of your undertaking without our co-operation. Every day's delay makes the matter worse, and next month as soon as London fills, we must take active measures which may possibly be of a hostile character. Kindly let me hear from you.

Respectfully yours,

(Signed) R. WATT.

APPENDIX D.

Letters by the Rev. Mr. Simpson to the Honduras Legation, from February 12 *to May* 11, 1875.

Dear Sir, *Thornton, Pickering, February* 12, 1875.

I beg to thank you for your courteous reply to my letter of the 8th instant, but it is not satisfactory. As to your statement that neither the Government nor the Minister of Honduras ordered the letter I received to be written, nor was it signed by you, I can only reply that the letter is written on official paper, purporting to be signed by yourself, countersigned by some name I cannot make out, and written, or said to be written, by order of the Minister, stating distinctly that the money was in hand for payment both of the interest and sinking-fund due in January, 1874, and on the faith of the truth of this statement I kept my bonds, otherwise I should have sold the next day. It was not likely that I should write again to ask if the letter was genuine. I have

made some inquiries respecting the Interoceanic Railway you mention, but am advised to have nothing whatever to do with it. To me, a clergyman with a small income, the matter is of most serious importance. I had bought beyond my means, and have had to pay the loss. Several gentlemen who knew the facts of the case consider that I have been most unjustly treated, and that the Minister is both morally and legally liable for the loss I have sustained, and are therefore willing to assist me in obtaining redress. I am advised not only to take legal proceedings, but also to send the facts of the case to Sir Henry James, to bring before the House of Commons on the 23rd inst. I have, however, as I said, no wish to cause the Minister any annoyance, if he will meet me with any degree of fairness. He knows that I have suffered severely through the letter I received from the Legation, but I am willing to make the following offer, subject to its acceptance on or before the 16th inst. I will either accept in full discharge one-half of the loss I have sustained; or if he will pay in full the loss I have had, I will undertake to return the money should the bonds reach the price I could have sold them at, had I not received the letter from the Legation. I think you will consider this a fair offer, and I hope that His Excellency, who has been highly spoken of to me, will agree thereto. I certainly should not have made such a liberal offer, but you state that the letter was written without authority. This, however, would not in the least affect my claim, and it is most cruel and unjust that I should suffer so severely therefrom. I therefere hope that His Excellency will agree to the offer I have made, so that the matter may be settled in an amicable manner. Waiting your reply, I am, dear Sir,

Your obedient Servant,

THOS. SIMPSON.

To R. De Silva, Esq.

Thornton, Pickering,

Sir, *February* 15, 1875.

From a letter I have received from a Mr. W. W. Wynne, solicitor, of 115, Chancery Lane, it seems that the Honduras Minister is determined to do nothing unless compelled. After the great loss I have had on account of the letter I received from the Embassy, no one could have made a fairer proposition than I did. I shall therefore now take counsel's opinion and such legal proceeding as he may advise, regardless of expense. I shall also send all the facts of the case to Sir Henry James to bring before the House of Commons on the 23rd inst., and if the Committee be granted, which is certain, I shall request that inquiry be made as to what has become of the money I was told was in hand for the payment of the sinking-fund and interest due on Jan. 1, 1874.

I am, Sir,

Your obedient Servant,

To R. De Silva, Esq. THOS. SIMPSON.

Sir, *Thornton, Pickering, February* 15, 1875.

As the Honduras Minister seems determined to do nothing, I shall therefore take counsel's opinion, and such legal proceedings as he may advise, regardless of any cost. In the meantime I shall send all the facts of the case to Sir Henry James, to bring before the House of Commons on the 23rd inst.

I am Sir,

Yours obediently,

To W. W. Wynne, Esq. THOS. SIMPSON.

Dear Sir *Thornton, Pickering, February* 19, 1875.

I think it only right to inform you that I have received a letter on behalf of Sir Henry James, requesting me to forward the letter I have to him. I have no wish to cause the Honduras Minister any unpleasantness, but as he seems determined to give me no redress for the great loss I have sustained through that letter, I shall, therefore, send the letter, with all the facts of the case, by Sunday or Monday's post. The Minister may have forgotten, but it is clear from the letter that he knew of it.

I am, dear Sir,

Faithfully yours,

To R. De Silva, Esq. THOS. SIMPSON.

P.S.—I see the date of the letter I received is July 3, 1872. I fear I said in a former letter 1873. This, however, makes no difference, as the dividend was not paid in the following January, though it may as to you being in this country.

T. S.

I, of course, have no claim for any bonds except those I held on the receipt of the letter.

Dear Sir, *Thornton, Pickering, March* 30, 1875.

As you will be aware, I was summoned before the Committee of the House of Commons on Foreign Loans, when it was clearly shown that the letter I received from the Legation in July, 1872, informing me that the money was in hand for the payment of the sinking-fund in December, and the interest in January, 1873, had been written by the direction of the Honduras Minister. As I held my bonds on the faith of the truth of the statements made therein, and have lost above £200 thereby, I again appeal to His Excellency for some redress, and I should feel obliged if you will inform me what His Excellency proposes to do in the matter. As I have said, I do not wish to put His Excellency to any inconvenience, but as there is now no doubt about the authenticity of the letter, I shall be obliged to take some further steps in the matter, if the Minister will not do what is right and just.

Your early attention hereto will oblige,

Faithfully yours,

To R. De Silva, Esq. THOS. SIMPSON.

Excellency, *Thornton, Pickering, April* 15, 1875.

I wrote to your Secretary some days ago, requesting him to inform your Excellency that the letter which I received from the Legation in July, 1872, informing me that the funds were in hand for the payment of the sinking-fund in December, and the interset in January, 1873, had been produced by me before the Committee on Foreign Loans in the House of Commons, and shown to be authentic and written by your authority; and as I have suffered severely on account of believing the statements made in that letter, I wished to know what your Excellency intended to do in the matter. To this letter I have received no reply, and I now beg distincly to inform your Excellency that unless I receive a satisfactory reply on or before Saturday next, the 24th instant, I shall send the facts of the case to the Lord Chamberlain, and object to your Excellency being received any more at Court. On the termination of the inquiry I shall request Mr. Lowe to bring the matter specially before Parliament.

There is no doubt of the object why the letter was written, and I shall spare no exertion nor expense in any legal steps I may be advised to take.

I remain,

Faithfully yours,

His Excellency the Honduras Minister. THOS. SIMPSON.

Sir, *Thornton, Pickering, April* 22, 1875.

In reply to yours of yesterday, I am glad to find that you intend to place my letters in the hands of the Earl of Derby, and hope that you will also inform his Lordship that the Honduras Legation denied having written, or authorized to be written, the letter to me, or any such letter to any one else, but that both these statements were proved before the Committee on Foreign Loans to be untrue. I also will write to his Lordship, giving him all the particulars, and have no doubt what his Lordship's opinion will be.

So soon as the investigation by the committee is over, I will take care that all the facts shall be brought specially before Parliament, and I shall be greatly surprised if Parliament does not think it quite time there was an end put to the Honduras Legation in London.

I am, Sir,

Yours

The Secretary of the Honduras Legation. THOS. SIMPSON.

P.S.—I beg to remind you that all my letters were addressed to the Honduras Minister or Legation, and on the receipt of the letter in July, 1872, I wrote to thank the Minister for the information.

Sir, *Thornton, Pickering, May* 11, 1875.

Some days ago you wrote to say that my letters and correspondence with the Honduras Legation would be placed in the hands of Earl Derby; I therefore wrote to his Lordship, giving him the facts of the case. I have now received a letter from the Foreign Office, written by order of Earl Derby, stating that the correspondence had not been sent. It seems, therefore, that no dependence whatever can be placed on anything that is said by the Honduras Legation, and as I do not intend to let this matter drop, I shall write again to Earl Derby, and urge him to proceed herein, and shall also now write to the Lord Chamberlain, and object to the Honduras Minister being received any more at Court, and shall at once bring the matter before Parliament.

I am, Sir, yours truly,

THOS. SIMPSON.

The Secretary of the Honduras Legation.

Sir, *Thornton, Pickering, August* 31, 1875.

Having seen in the papers a letter from the Honduras Minister to Lord Derby respecting the Honduras Loan, in which he protests against the consequences which may ensue in regard to the projects of arrangement with the Bondholders if certain steps be taken, I should feel obliged if you would inform me what proposals of arrangement (if any) the Honduras Government have made, or intend to make, with the bondholders.

I have no wish to act harshly towards the Minister, but as I have lost heavily on account of the letter which I received from the Honduras Legation, informing me that the money was in hand for the payment of the interest, &c., in January, 1873, unless I am met in a fair and reasonable manner, I shall immediately write to Lord Derby to take further steps in the matter, and shall bring all the facts of the case specially before Parliament immediately on the meeting thereof. An early reply will oblige,

Faithfully yours,

THOS. SIMPSON.

The Secretary, Honduras Legation.

No. 2.

Señor Gutierrez to the Earl of Derby.—(*Received October* 29.)

(Translation.)

My Lord, *Cornwall House, Tufnell Park, London, October* 27, 1875.

THE principal object of the communication which the Undersigned, Minister of Honduras, has the honour of transmitting to your Excellency herewith, is to refute the censure passed on his official acts connected with the Honduras Loans, in the Report presented to the House of Commons on the 29th of July last by the Select Committee on Foreign Loans.

As that communication contains observations on many questions and various incidents, it is necessarily very long, and as the undersigned wishes to enable your Excellency to read it with as little trouble and as little delay as possible, he has thought it best to send the communication itself as well as an English translation in print.

The document referred to was already prepared, translated, and printed, when the Undersigned received the bulky volume containing the Report of the Select Committee, with the Minutes of Evidence and the Appendices in full. It may be mentioned in passing, that on the 19th of March the Undersigned asked the Select Committee to let him have a copy of the evidence from the shorthand writers' notes, and that his request was not complied with.

With the complete volume of the proceedings of the Select Committee before him, the Undersigned finds himself under the necessity of adding fresh materials and observations to the communication which he had prepared and which is sent herewith, and he begs that your Excellency may be pleased to excuse him if, in answering a volume of 719 folio pages, for the most part devoted to strictures on the Honduras Railway and its loans, he should fall short of completeness for fear of undue extension and repetition, in noticing the salient points of the Select Committee's Report and the Evidence, deficient as they are in order and method.

The Undersigned will first of all give a concise abstract of the communication which accompanies this note.

In the first 11 pages, after some preliminary observations, he has sought to demon-

strate to your Excellency two most important points which the Select Committee has passed unnoticed; that is, the international importance of a railway across Honduras, and the natural riches which the Republic possesses. These points are proved by the testimony of various reports by European and North American engineers, and other qualified persons who have visited the country for the express purpose of obtaining information, and their reports and statements are sent to your Excellency herewith.

In consequence of these reports and statements, the Honduras Government was amply justified in soliciting, with the purest good faith, the necessary loans in the European markets for the construction of the railway.

From p. 11 to p. 18 it is shown that the Undersigned did not take that prominent part, either in projecting the railway or in contracting the loans, which the Select Committee has attributed to him. It is there proved that his most prominent intervention in those matters—and that purely official and under pressure of circumstances—was from the death of the Government Commissioner, Don Leon Alvarado, in 1870, to the arrival of the new Commissioner, Don C. E. Bernhard, in December, 1872.

Your Excellency's attention is also called to the absurd supposition that the undersigned could either direct or originate the various operations with the bonds or the loans; those operations were entrusted by the Honduras Government to the experience and good faith of established bankers, such as Messrs Bischoffsheim in London; and the legal affairs to English solicitors and counsellors in whose rectitude, good faith, and ability the Honduras Government and the undersigned unreservedly confided.

As it has been a matter of censure that the Honduras Government gave the same hypothecation for the three loans, your Excellency will find, from pp. 18 to 20, sufficient data to show that this has been an established custom by other nations in the market here; and, besides, it is well known to all lawyers and men of business that first, second, third, and fourth mortgages are often granted on the same estate, and are repayable according to priority. The hypothecations by the Honduras Government were of the same nature.

In p. 20, it is also shown that there are various States which pay the interest of their loans from the funds of those loans, or contract fresh ones to pay the interest on the previous loans.

In pp. 22 to 24, your Excellency's attention is directed to the evidence given by some witnesses who were interested parties, and who were not subjected to any legal cross-examination; and the remarkable fact is pointed out that certain English subjects who took a very active part in these affairs were not called upon to give evidence before the Select Committee; and that the evidence offered by impartial engineers who have been to Honduras was not received.

From pp. 24 to 40, a full answer is given to each of the charges brought against the Undersigned by the Select Committee in regard to his official acts, and upon which the Select Committee has founded the censure which is summed in p. 24 of the Report.

In pp. 41 to 43, your Excellency's attention is called to the manner in which the report brings forward the nominal sum represented by the Honduras loans, with the interest due for three years, as if the lenders had actually laid out that nominal sum in ready money, whereas more than two-thirds of that sum represent the profits which the holders of the bonds would obtain if they were now entirely paid off.

In pp. 44 and 45, the Undersigned repels various allegations calumniating his personal character, which have been published by certain newspapers on the strength of the Select Committee's report and the evidence of several witnesses. With regard to that evidence, the Undersigned, as a foreigner, gladly acknowledges that in no British Court of Justice would the judges have allowed the examination to be conducted as it was conducted in this case.

From p. 46 to p. 50, notice is taken of the correspondence addressed to this Legation by two witnesses who, it is said, were influential in obtaining the appointment of the Select Committee; and the communication concludes by referring to certain gratuitous attacks in the newspapers upon various Spanish American Republics, but especially upon Honduras and upon the undersigned, as its Minister at this Court.

From the whole tenour of that long communication, the undersigned trusts that your Excellency will be able to draw the following conclusions:—

1. That the Government of Honduras, even though it has not revenue at command to enable it to pay interest on foreign loans, had a reasonable and perfectly legal motive, whether as an independent State, or as simply a contracting party, to solicit foreign loans for the purpose of constructing an inter-oceanic railway, in the expectation of providing for the interest from the proceeds of that railway after it was constructed.

2. That the Honduras Government has proceeded throughout with the purest good

faith, trusting always in the construction of the railway, confiding the management of the loans to persons well acquainted with such matters in the European markets, as Messrs. Bischoffsheim are, and accepting all the contracts which were proposed as necessary under the circumstances.

Those contracts, in so far as they relate to the loans in England, were drawn up by English solicitors, and with all the legal advice that could be required, and neither the Honduras Government, nor the undersigned, could for a moment doubt the effective value of professional advice obtained from London lawyers whose position afforded the best guarantee for sagacity and legality; no better advice could be procured in a foreign country by the Honduras Government, or by the undersigned in his official capacity, and he implicitly relied upon the judgment of those to whom he had given his confidence, as experts understanding what was beyond his own knowledge in financial operations and details. Such was the confidence of the undersigned in Messrs. Bischoffsheim, that for more than a year they had in their possession his griff and the seal of the legislation for the purpose of stamping his name upon the bonds of the 1870 loan; and they required him to leave the griff with them, alleging that it would be more convenient to stamp the bonds in their office than in the private dwelling of the Minister, as they had themselves to countersign them.

3rd. That the Undersigned Minister is not at all responsible for any of the contracts which he signed in his official capacity, because they were executed by order or with the approval of his Government, nor is he responsible for the failure in fulfilment by any of the contracting parties, whether they be the bankers, the contractors, the Government of Honduras itself, or any other interested party, he having acted throughout with perfect good faith.

4th. That from the time of the motion in the House of Commons for the appointment of a Select Committee, up to the conclusion of the Report, there has been an extraordinary want of impartiality throughout the proceedings in regard to the Republic of Honduras and the undersigned Minister, which appears to him to be utterly incompatible with the important task entrusted to the Committee, which was the unbiassed investigation of the whole of the affairs.

5th. That the proceedings of the Select Committee, in so far as they relate to Honduras, have been so imperfect, that they can but be regarded as an exaggerated statement of the case of one party only, whilst the other party was never heard, nor had the right of defence which is allowed in all courts of Justice. The investigations have been altogether one-sided, and no jury would have given a verdict without hearing both parties, or assuming, which is contrary to the fact in this case, that no answer could be given to the *ex parte* statements of interested persons.

6. That the proceedings of the Select Committee not only gave no facilities for the defence, but excluded defence; that the Select Committee took upon itself to interpret acts and contracts, the interpretation of which belongs to Courts of Justice; that the Select Committee has prejudged questionable points without reference to any law upon the subject, and without even a precedent; that the Select Committee has assumed functions incompatible with those of a Select Committee emanating from a legislative body; and that in passing an opinion upon the acts of the Honduras Government, and of its Minister in London in connection the loans, it has gone beyond the limits of its jurisdiction. It also went beyond the limits of its jurisdiction when it investigated the affairs of the loan contracted for Honduras in France by Señor Herran, in regard to which the French Legislative Body refused to make any inquiries, as the matter was not within its competence.

7. That whilst the Select Committee has complained that the undersigned Minister did not present himself for examination, he having an unquestionable right to decline to do so, both by English and by international law, and a strong reason for maintaining that right, when he saw from the manner in which the examinations were conducted that some of the members had come to a foregone conclusion on the case, the Select Committee did not call for the evidence of English subjects who took a really prominent and responsible part in the management of these matters, and who would probably have given a very different complexion to the hostile charges against the Government of Honduras and its representative.

8. That the Select Committee has endeavoured to represent the operations in these Honduras loans as unprecedented in this market; whilst the very same operations have taken place, and do take place with more or less success in all loans which are brought before the public, and they are founded on freedom of contract, on the nature of Stock Exchange operations and the credit of the contracting States; and in subscribing to and

dealing in such loans, for the purpose of speculating on the fluctuation in the quotations thereof, the public acquiesces in those operations.

9. That although Sir Henry James said in his speech on the 23rd of February that 4,800,000*l.* had been realised from the loans for the construction of the railway, yet a simple arithmetical calculation will show that even if the public had taken those loans "firm" at the full price of issue according to the prospectuses and contracts, they would not have produced that sum; much less could they produce it when the greater part of the bonds were placed at prices below those of issue, and with extraordinary expenses in the operations as shown by the evidence; that although Sir Henry James said that only 562,000*l.* had been applied to the construction of the railway, and that the rest had disappeared, the evidence of Messrs. Waring, the Contractors for the line, shows that they themselves received 687,745*l.*, and this sum does not include either the salary of the engineers or other considerable expenses connected with the railway. The evidence likewise shows that the bondholders have received for interest and redemption a sum of about 1,170,000*l.*, which, with the previous item makes up an amount approaching two millions in cash, or more than three times the sum quoted by Sir Henry James. In the same speech Sir Henry James asserted that not a single piece of timber had come into this market from the Government forests of Honduras, or if any had come the agents for the loans had given no account of the proceeds; but the evidence proves that several cargoes did come, and the accounts of their proceeds appear in the books.

10. That although the Chancellor of the Exchequer, in acceding to Sir Henry James' motion for the appointment of the Select Committee, expressed himself as follows, "He was in a position to state, that Lord Derby, after carefully considering the question, was of opinion that the proposal of the honourable and learned member need not produce difficulties between this country and Foreign States, and merely stipulated that proper care should be taken to preserve the courtesies and the privileges of foreign representatives. They must be careful of undertaking what did not belong to the functions of Parliament. They must be careful not to interfere with the Courts of Law, or to arrogate to themselves functions which properly belonged to the Legal Courts. They must not turn a Committee of the House into anything of the nature of a Star Chamber, and must remember, that inquiries before Committees were conducted less advantageously for the elucidation of truth than inquiries before Courts of Justice," yet, after the above cited observations of the Chancellor of the Exchequer, as excellent in principle as they are admirably expressed, members of the Select Committee put the questions 1974, 2064, 2117, 2529, 2532, 2533, 2534, and 2556, all for the purpose of attacking the honour and dignity of a Foreign Minister, and what is still worse, if possible, with the design of assailing the character of a lady—the wife of a Foreign Minister—by means of a calumny proffered in evidence by an unscrupulous witness. And this sole fact, which I forbear to characterise, will convince any impartial person that the Select Committee overstepped its functions in a manner and by means which were most unjustifiable.

The undersigned Minister will now proceed to simplify the observations and explanations already set forth in the accompanying communication, by some additional remarks which have been suggested to him by reading the minutes of evidence and examining the appendices in the volume containing all the published proceedings of the Select Committee The Undersigned regrets very much that he has to trouble your Excellency at such length, but the charges brought against his Government by the Select Committee are too serious, unwarrantable, and unjust, and have been too easily credited by the press and the public, to allow of restriction in his remarks in reference to the most prominent points.

In page 21, lines 13 and 14 of the Report, the Select Committee says that the first section of the railway from Puerto Caballos to Santiago is now closed and abandoned, and this statement refers to Question 1766 put to the witness, Mr. Charles Waring. In page 24 there is a repetition of the statement that the section of the railway 53 miles long is abandoned. First of all, the section constructed is not 53, but 57 miles long, as appears from the answer to Question 1613, given by Mr. Waring himself, to Sir Henry James. In the second place, there is no truth in the statement that the said section of the railway is at present abandoned. On verifying the reference given by the Report of the Select Committee, Question 1766, in the evidence, it turns out that that question relates to the second section of the railway, and not the first section, as stated by the Report of the Select Committee; therefore the Select Committee has asserted twice over in the Report as a matter of fact that which is not true, and has supportod the assertion by a reference to evidence which says nothing of the kind, either under the number referred to, or under any other number.

In answer to Question 970 of the evidence, the witness, Mr. Hart, said that the cargo of mahogany brought by the "Queen of the South" was advertised in the "Times" as having been shipped at Truxillo on the Atlantic coast, whilst it had really been shipped at Amapala on the Pacific coast. The inference of the witness was that the intention was to represent the cargo as coming from Truxillo, because Truxillo was the site of the railway works on the Atlantic. This inference shows the spirit of the evidence given by some of the witnesses, as well as their want of knowledge of the matters referred to. Amapala is a small village in the islet "El Tigre," in the Bay of Fonseca, where the track of the railway begins in the Pacific, whilst Truxillo is on the Atlantic, and distant 130 miles to the east of the track of the railway on that side, wherefore the insinuation of an intention to deceive the public is baseless.

The letter presented by the witness Mr. Simpsom (Question 1412), dated 3rd July, 1872, and signed "R. de Silva," is not authentic. The Secretary of this Legation, Don Ramon de Silva Ferro, was on the 3rd of July, 1872, travelling in a steamer of the West India Mail towards Panamá. This fact can be ascertained by inquiring at the Steamboat Company's Office, where he took his passage. His name was therefore improperly subscribed to a letter which the Minister is supposed to have authorised. The letter presented by the witness Mr. Hodges (Question 1438) is likewise unauthentic. Any man of business understands that neither the signature of a Minister, nor that of a private person, to such a document could be vouched for by unknown initials. How could it be believed that the Minister would authorise any person to sign with such a strange formula as, "pro his Excellency Don Carlos Gutierrez," and then the initials "W. H. A. H." The meaning of those initials he cannot tell.

Again, the letter presented by Mr. Lewis (Question 1467) is unauthentic. At the date of that letter the Secretary of the Legation was in London. Nevertheless the signature appears thus: "R. de Silva, per W. H. A. H., Secretary." This formula is still more strange. If that same unknown owner of the initials signed the letter to Mr. Hodges, "pro his Excellency Don Carlos Gutierrez," why should he introduce the name of Senor Silva Ferro in the letter presented by Mr. Lewis, and having the same mysterious initials? No three documents could be more absurd, more inconclusive, and more clearly of an unauthentic character. It has been said that those letters are written on paper used at the Legation; but this also is incorrect. In page 7 of the Statement presented by the Secretary of the Legation to the Select Committee on the 8th of April, ample explanations of this matter were given, and specimens of the paper that has always been used at the Legation were delivered; but the Select Committee has not published those explanations with the report, nor pointed out that the letters in question are not written on the Legation paper, and do not bear the Minister's address at the Legation, but that of the office of the financial agent at No. 8, Moorgate Street, where certain portions of the business connected with the loans were carried on, the paper being of a special kind used at that office by order of the contractor who rented it, or by some of his people. The Undersigned never had any office in the City. He declares again that he never authorised either Messrs. Bischoffsheim, or Mr. Lefevre, nor any of their people, nor any agent of the Government, nor any of his subordinates, to say or to write that the coupons of 1st January, 1873, would be paid. Far from it, the Honduras Minister in his letter to Mr. Hyde Clarke, dated 9th July, 1872, in answer to a question from him, carefully avoided any such assertion; because at that date he did not know whether the contractors for the loans would succeed in making the necessary arrangements for the payment of the said coupons; and the same reason will apply to the insinuation contained in the report, that no explanation is given why letters written to the Honduras Minister on the same subject and to the same address were unacknowledged.

In page 18 of the Report, the Select Committee says that the "Historical Account" does not mention the extraordinary drawings; meaning, of course, to attribute that omission to some mischievous intention. But in making that observation the Select Committee seems to have forgotten that the "Historical Account" was not written for the use of the Select Committee, but for the Honduras Government. It was printed ten weeks before the appointment of the Select Committee. When the Honduras Government gave orders for the compilation of the "Historical Account," it did not require any fresh explanations respecting those additional drawings, which had been authorised during the Government of President Medina. If the "Historical Account" had been originally written for the Select Committee, it would have contained a different kind of information, more suitable for the scope of the investigations referred to the Select Committee; and other matters comprised in the "Historical Account" would have been left out, because they only concern the present Administration of the

Honduras Government, and are intended to inform it of the state of the affairs of the railway and the loans as they were left by a previous administration.

In page 103 of the appendices to the Report of the Select Committee there is a reproduction of the ratifications by the Congress of Honduras of all the contracts in which the undersigned has taken an official part. And yet the Select Committee does not even mention those ratifications, though their legal force is such that the Select Committee might have understood that the official acts of the Minister in connexion with the Loans are the acts of the Honduras Government itself.

An attempt has been made to throw doubt on the Minister's authority from the Government to appoint Captain Pim as Special Commissioner in the middle of 1872; and upon this point the most contradictory evidence has been collected; the Government of Honduras is spoken of as if there had been only one Government all the time, whereas there have been three different Governments in a few years, under the direction of three Presidents, namely, the President General Medina, the Provisional President Don Celeo Arias, and the actual President Don Ponciano Leiva. The three Honduras loans for the railway were contracted under powers and instructions from President Medina and his Government. The Ship Railway loan was attempted under powers and instructions from the same President. Under the same powers Captain Pim was appointed Commissioner. A short time after the appointment of Captain Pim, the news arrived of the revolution against President Medina, his imprisonment, and the nomination of Don Celeo Arias as Provisional President of the Republic. Notwithstanding the fall of President Medina, the powers and instructions issued by him remained in force up to December, 1872, when the Commissioner Don C. E. Bernhard arrived, with fresh powers and instructions from the Provisional President Don Celeo Arias. The Provisional President was overthrown by a revolution at the beginning of 1874, and Don Ponciano Leiva was raised to the Presidency in January of the same year. Bearing in mind the instructions and powers sent by the three different Presidents, there is no need of further explanation in regard to the appointment of Captain Pim under powers from President Medina, and the apparent contradictions which seem to refer to subsequent appointments and instructions given by the Provisional President Don Celeo Arias. But, moreover, the present Government has not disapproved either directly or indirectly the appointment in question, which was made in virtue of full powers and the requisite authority granted by President Medina during his administration, but has subsequently sanctioned virtually the appointment by writing to Captain Pim and receiving letters from him as acting under full authority.

Although the Select Committee refused to let the undersigned have the minutes of evidence, he did, from time to time, communicate to your Excellency such remarks as he had to make on the extracts from the evidence which were published in the newspapers; he gave such explanations as he thought necessary in regard to some of the principal points; and your Excellency was graciously pleased to acknowledge the several communications, and to tell him that they would be laid before the Select Committee. The Report of the Select Committee published three of the communications which the Undersigned addressed to your Excellency, namely those of the 24th of February, 12th of March, and 5th of April; and one has been published which he addressed to the Chairman of the Select Committee on the 19th of March. But the communications which were addressed to your Excellency by the Undersigned on the 15th, 17th, and 18th of March, the 7th and 16th of April, the 14th of May; the 1st, 2nd, 5th, 9th, 18th, and 27th of June, have been withheld; and those which he addressed to the Chairman of the Select Committee on the 5th, 10th, and 11th of April have also been withheld.

Several of those communications contain explanations and authentic information of an important character, which ought to have been published, and which would have been published if there had not been a most decided want of impartiality.

The Chairman of the Committee on the 18th of March wrote to the Undersigned asking him if he wished to make any communication, verbal or oral, to the Committee. On the 19th of March the Undersigned answered the Chairman by letter, stating that the Secretary of this Legation would attend the meeting of the Select Committee on the next Monday in order to give some explanations. When the Monday came, the Secretary did attend the meeting, and no opportunity was given to him to make any explanations, but the Chairman publicly said that the Secretary's statement would be received.

At the sitting of the 8th of April, the Secretary of the Legation presented a printed statement with appendices extending to 33 pages of print. That statement was received by the Chairman of the Select Committee, and every member of the

Committee had a copy for his own use. Before the Committee rose that day, the Undersigned's solicitor asked publicly if the "Statement" had been received, and the Chairman answered in these words, "It has been received." Although the said statement contains facts and explanations bearing on the investigations of the Select Committee, it was not read in public, on the ground that it was too long to read aloud. Neither is that document published in the Appendices to the Select Committee's report, nor is there any reference to its contents in that Report; even the few words that were said respecting that document at the sitting of the 8th of April do not appear in the Minutes, though they were published in the newspapers of the date from the shorthand notes. The only trace which the Minutes give of its existence is in the Question 2216 by Mr. Puleston, in which he quotes a part of the said document, which had just then been received by the Committee.

In page 11 of the Report the Select Committee says that the purchase of the cargoes of wood and the announcement of their arrival in Europe, "were intended to induce, and did induce, the public to believe that the hypothecated forests were providing means for the interest upon the loan."

But the Select Committee quotes no evidence to justify that opinion, and surely the Select Committee has no right to express such an opinion without clear and decisive evidence to support it; and so far as the Undersigned is concerned, he most emphatically denies any design or intention to deceive the public on the subject.

In page 21 of the Report, the Select Committee says that the undersigned Minister authorised Messrs. Ford and Widdicombe to take £1500 each out of the proceeds of the loan, when the funds were nearly expended. In the communication which the Undersigned addressed to your Excellency on the 27th of June, which is one of those that the Select Committee has not published, he stated to your Excellency, amongst other matters, that Messrs. Ford and Widdicombe refused to give up the funds in their possession to the new trustees, unless the aforesaid sum was allowed to them as a recompense for the extra work which they said they had done.

To avoid law proceedings against the retiring trustees, which in fact he was not authorised to take, and to prevent worse inconveniences, the undersigned Minister, by the advice of the new trustees, had to accede to the payment of that sum by way of settlement.

It has been shown that the Undersigned decidedly opposed the introduction of the loan for the ship-railway; in proof of this he might appeal to Mr. G. B. Kerford, who was commissioned on various occasions to persuade the contractors not to go on with that project; or to the Secretary of the Legation and other persons who witnessed his opposition to it. But when it was insisted that there was no other way of continuing the undertaking, that the Government had expressly ordered the execution of the project, and that if it were not carried out the responsibility of the failure of the whole affair would fall upon the Government, then the undersigned had no alternative but to submit to the exigencies of the Contractors, and to execute the orders of the Government.

In confirmation of the pressure which the Contractors brought to bear upon the Undersigned to induce him to execute the orders of the Government, directing him to sign the contracts for the ship-railway and its loan, some of the various letters which he received on the subject are inserted here :—

(Copy.)

"Dear Don Carlos, "112, *Picadilly, W., February* 7, 1872.

"Unless something is done immediately for the issue of the new loan, the crash is imminent. I know beforehand that for some reason or other this letter will have no effect whatever upon your already made-up mind.

"Still I consider it my duty to caution you against a great misfortune, for which you will have only yourself to thank, and of which I entirely wash my hands.

"I remain, yours truly,

(Signed) "LEFEVRE."

(Copy.)

"Dear Don Carlos, "112, *Picadilly, W., February* 8, 1872.

"From whatever corner the story comes, the public knows now that a big loan for Honduras is coming out. As more stock means depreciation in prices, the bondholders are realizing their securities; and unless my provisional contract for the ship-railway is

ratified at once by your Excellency, so that I may be strong enough to protect on the Stock Exchange the interests of the Honduras Government, its credit, which I have taken so much trouble to build, runs the risk of being lost for ever.

"If after the observations in my letter to you of yesterday, and those I make you now, you do not deem it necessary to do what I point out, the onus must fall upon your Excellency, only don't say when it is too late that I did not duly caution you.

"Believe me, yours truly,

(Signed) "LEFEVRE.

"*His Excellency Don Carlos Gutierrez.*"

(Copy.)

"Dear Excellency, "*Founders' Court, Lothbury, March* 5, 1872.

"I just received your note of to-day, and copy of your power, which seems to be all right. I will have it translated at once, and if you call to-morrow, as I expect you will, it will be ready in English for you.

"I cannot impress enough upon your Excellency that there ought to be no time lost. Five or six big loans are ready, and if you come at the end you will be nowhere. We seem to have four or five weeks of fine financial weather before us, and they ought to be taken advantage of.

"Excuse my troubling you, but I speak in the interest of your Government.

"Believe me, dear Excellency,

"Yours faithfully,

(Signed) "H. BISCHOFFSHEIM."

As evidence that the Undersigned was exceedingly dissatisfied with the Contractors for the loans, and disappointed at the non-fulfilment of their promises; that the accounts kept by the trustees of the loans were withheld; that he was uninformed of the operations which took place, and that not only did he not assist Mr. Lefevre to appropriate considerable sums to which he was not entitled from the loans, but that even before the accounts were examined, from the moment when a confused balance-sheet was presented to him, he informed the Honduras Government, and expressed his disapprobation of the interpretation of the contracts whereby Mr. Lefevre was able to appropriate the coupons and the redemptions of the bonds not disposed of,—here are some of the letters which passed on this subject :—

(Copy.)

"Dear Don Carlos, "*Paris, June* 29, 1872.

"I inclose copy of a letter I have written to Mr. Bischoffsheim, in order that you may see and feel assured that I am not going to desert the business, but intend to do my best, notwithstanding my unfortunate state of health, to carry the business to a successful issue.

"Be certain that we are going to complete the railway, and act like men.

"With my kind regards.

"I remain yours ever truly,

(Signed) "LEFEVRE."

"*Cornwall House, Tufnell Park, London, 19th August,* 1872.

"Dear Mr. Lefèvre,

"I am in receipt of your note of the 17th instant.

"I am sorry to observe that, notwithstanding your engagements and your repeated promises, both verbally and by writing, to do your utmost to finish the construction of the Honduras Railway, you are now rather placing obstacles in its way. I cannot conceive how you can speak at the present critical moment of retiring, of deserting the enterprise! Believe me, neither you nor anybody else connected with this undertaking can desert it now without dishonour, and without being utterly disgraced and condemned.

The railway must be finished, and you must be well aware of this. As for the accounts, before they can be approved, they have to be rendered in a complete and perfect manner from the first, and they then will have to be examined by competent accountants, and in presence of the agreements and contracts made, as

your claim to the coupon and drawn bonds can never be substantiated neither morally nor legally.

"Besides, you know very well that hitherto nothing that deserves the name of accounts has been rendered.

"We all must be fully impressed with the responsibility we have contracted with the public and with the Government, and we are bound to fulfil honourably our engagements.

"I do not think I need say any more. You are sufficiently alive to your own interests to see the necessity of doing your best to complete the railway.

"I remain, yours truly,

(Signed) "CARLOS GUTIERREZ.

"*Ch. Lefèvre, Esq., Inverchroskie Lodge, by Pitlochry, Perthshire.*"

"*Inverchroskie Lodge, by Pitlochry, Perthshire, August* 20, 1870.

"Dear Don Carlos,

"In answer to your letter of yesterday, you are perfectly well aware that I have no intention, and never had, of deserting the railway. The best proof of it being that I proposed to Mr. Haslewood himself last week to take a large share in the new loan for the completion of the line.

"Regarding the accounts, I shall be very glad to have them examined from beginning to end as you propose.

"Let for instance Mr. Haslewood, who is a perfectly disinterested and competent person, act for you in the matter, and Mr. Sharp, who has drawn up all the agreements, act for myself.

"As to the coupon and sinking fund matter to which you refer, I should like it settled in the same manner. And in the absence of Mr. Sharp, my clerk Mr. Denny can point out to you or your representative the clauses in the Trust Deed referring to the matter, which were specially made in order that it might be covered and recouped for all expenses incurred by me in keeping up the credit of the Government, and all sums advanced by me on account of coupons and drawings from time to time.

"I remain, your Excellency's most obedient Servant,

(Signed) "LEFEVRE.

"*To His Excellency Don Carlos Gutierrez.*"

"Excellency, "*Fitzroy House, Newmarket, September* 14, 1872.

"Captain Bedford Pim has brought to me the agreement of contract and deed of trust. Your Excellency will see my opinion in respect of both documents appended to the former.

"I repeat to your Excellency what I have often and often said, that I am heartily desirous to see the railway finished, to help the business to the utmost.

"I have no doubt Mr. Bischoffsheim shares my feelings, therefore what you ought to do is to give Captain Pim orders to proceed immediately to Paris to issue the new loan, with a contract, amended as I suggest, in his pocket.

"There is no difficulty about the preliminary expenses, which can be satisfactorily arranged with Captain Pim directly he receives your instructions to go to Paris.

"I remain, your Excellency's faithful servant,

(Signed) "LEFEVRE."

The Report of the Select Committee says, in page 14, "that when Mr. Lefèvre entered into a contract to issue the loan of 1870, the public was made to believe that Messrs. Bischoffsheim were issuing it. This is incorrect in so far as it may refer to the Honduras Government, or to the undersigned Minister. The Loan of 1870 was contracted with Messrs. Bischoffsheim in the same manner as that of 1867 had been. It was at their desire that the clause was introduced enabling them to transfer their interest in that contract, or part of it, to any one they might choose; and they did transfer their interest to Mr. Lefèvre, in whom they then appeared to have full confidence. But Messrs. Bischoffsheim still took an active and responsible part in the affairs of that loan, as appears from their having signed the bonds, collected the commission, and reserved for themselves the commission on the payment of the coupons, and from their having subsequently entered into contracts connected with that and the

previous loans. If the transfer of the 1870 loan by Messrs. Bischoffsheim to Mr. Lefèvre had any indirect purpose in regard to the public, that purpose was unknown to the Honduras Government and its Minister in London, for neither the Honduras Government nor the Minister could suppose that there was any underhand design in the transfer clause required by Messrs. Bischoffsheim, and inserted under legal advice. And certainly neither the Honduras Minister nor the Government, would have consented to that clause if they had understood that it was intended to deceive the public, because the most simple person must see that the Government and the Minister who signed in its name, might themselves fall into the trap and be deceived also.

It has already been shown in the accompanying communication that the active part taken in these matters by the Honduras Minister in London is confined to the period between July, 1870, and December, 1872, at which latter date the Commissioner, Dr. C. E. Bernhard, arrived in London, that in the loan contracted with Messrs. Bischoffsheim in 1867, it was Mr. Herran, the Minister at Paris, who took the most prominent part, and arranged the preliminaries with those bankers; that in the 1869 loan it was also Mr. Herran who made all the contracts with Messrs. Dreyfus Scheyer, whilst the undersigned took no part whatever in those negotiations, and that the undersigned Minister only negotiated one of the three loans himself, that is, the loan of 1870. But in spite of all these well known and indisputable facts, the Select Committee has made it a special duty to represent the Honduras Minister as solely and absolutely responsible, not only for what he signed by order of his Government, but for what he neither signed nor took part in; responsible not only for the loans with which he had nothing to do; for the dealings and operations at the Stock Exchange; for the projects of English engineers; for the accounts which he never saw till after the Select Committee had met; for the drawing and interpretation of the contracts; for the professional advice of the lawyers, and for even the non-fulfilment of the contracts by the various contracting parties. Respecting the sums charged by the contractors for maintaining the money market, which sums appear in the accounts, and are in accordance with contracts duly carried into effect, it was done under the advice and through the repeated requirements and exigencies of the contractors, in whose good faith and uprightness the Government of the undersigned had full confidence. The contractors informed the undersigned that these steps were absolutely necessary in furtherance of the loan which the undersigned was authorised to negotiate upon the best terms he could get; and, moreover, that such was, and had always been the invariable custom of every foreign Government bringing out loans in this market, and that without such assistance such loans could not be obtained, for stock jobbers who speculate on the fall of funds would infallibly ruin them. Upon this point the undersigned was reminded of the examples of Turkey, Egypt, and other States of Europe as well as of America.

The above explanation is likewise an answer to Question 6680, respecting the £50,000 required peremptorily by the contractor for the purpose of maintaining the market, without which the contractor alleged and insisted that it would be entirely impossible to continue realising the bonds which the Trustees had delivered to him, and that it would therefore be necessary to suspend at once, not only the payment of the dividends of the loans, which were due on the 1st of July, 1872, but also the prosecution of the railway works. In these unfortunate and critical circumstances, and in order to prevent the works from being abandoned, as it was violently threatened that it was about to be done, as well as in order to avoid that the undertaking should be totally ruined, the undersigned found himself in the hard and inevitable necessity of submitting to this last exigency of the contractor; but in consenting to this sacrifice which was imposed upon him, the undersigned was amply authorised to do so in virtue of the full powers with which he was invested by his Government, as well as the instructions he had received, and in virtue also of the invariable custom followed by other Governments in issuing their loans in this monetary market. The Undersigned avails himself of this opportunity to state again, in the most solemn manner, that he never has had the slightest personal interest in any kind of Stock Exchange operations which were in the least degree connected either with the Honduras loans or with any others.

Having now submitted to your Excellency his answer to the charges contained in the Report of the Select Committee, which affect his Government and himself personally, the Undersigned will once more call your Excellency's attention to the remarkable circumstance, that throughout the investigations one of the members of the Select Committee has appeared in the anomalous character of prosecutor, advocate, and judge; that the same member in an inflammatory speech, chiefly directed against the Republic

of Honduras and its Representative, moved in the House of Commons for the appointment of a Committee of Inquiry; that the same member examined the witnesses as if he had been a prosecuting counsel in a criminal case; and that the same member drew up the draft of the Report containing charges and assertions not justified by the evidence.

All this is so evident, that the Undersigned cannot believe that such proceedings, opposed as they are to the fundamental principles of English justice, will be approved by Her Majesty's Government. If all the incidents in this case be considered, it would seem to be the result of a conspiracy against the Government of Honduras and its Minister at this Court, though neither Sir Henry James himself, nor the other members of the Select Committee, could perceive this.

If this answer should appear incomplete and unmethodical, the Undersigned begs that your Excellency will be pleased to attribute any shortcoming not to intentional evasion on the part of the writer, but to the vagueness of some of the charges and the unsystematic character of the Committee's investigations.

Finally, I assure your Excellency that during the whole course of these negotiations I have done all that was in my power for the due protection of the interests of my Government and of the bondholders, which I consider identical. I conscientiously feel that I have fulfilled my duty disinterestedly, and with entire self-abnegation. If I have done no more than I have done the blame rests not with me; I have done what I could, and both my Government and my fellow-citizens, with whose confidence I have continued to be honoured, know this well. Hereafter, perhaps, the high-minded people of this great country, this country which I have accustomed myself to look upon as if it were my own, better acquainted with the true nature of what has occurred, will render justice to my Government and to its Minister, who, in the purest good faith have endeavoured to bring to a successful end a work of unquestionable international usefulness, recommended by so many learned men and illustrious engineers and travellers, and towards which the great and lamented Earl of Clarendon felt and showed the deepest interest, and to the realisation of which he applied himself so earnestly. As a proof of the good faith which has in these matters characterised my Government, I may point to its firm determination of not sparing any sacrifice to finish the line at all costs. To accomplish it my Government has hypothecated its extensive territories, teeming with inexhaustible elements of agricultural and mineral wealth, which, with the third part of the railway already terminated, and actually in working order, are worth far more than the sum which the bondholders have a legitimate right to claim.

It will not be out of place to add to the above remarks, that my Government, with the view of facilitating the continuation of the works, and making satisfactory arrangements with the bondholders, has lately granted to them six additional millions of acres of land. I think that grants of such a nature made by the Government of Honduras will suffice to demonstrate most unquestionably its uprightness and sincerity, and its unflinching faith in the usefulness, and absolute necessity, of realising at once the inter-oceanic enterprise. And in spite, my Lord, of the deplorable state of these matters at the present time, and of the dangers which may await them in future, I have no hesitation in saying that the day is not far off, when so important a railway line shall be terminated for the good of my country, the commerce of Great Britain, and of the world in general; and then justice will be rendered to the Government of Honduras and its Minister, who, forsaken by the very men who were bound to carry out the undertaking, have been at the present time struggling in a sea of difficulties in order to carry on the undertaking with undaunted faith and indomitable perseverance.

Your Excellency now has before you the Report of the Select Committee, and my reply to that portion of it which refers to my Government and to my official acts. Your Excellency knows perfectly well, that international law does not allow a Diplomatic Minister to acknowledge any foreign jurisdiction whatsoever respecting the acts emanating from his Government, as all the acts did which the Committee had under consideration respecting Honduras. In the presence of a Legislative Assembly, and before the national representatives, a foreign Government can have but one protector, and one defender, and that is the National Government. Considering, therefore, the anomalous antecedents of this grave international and complicated question, your Excellency will, I am confident, solve it in the most just and proper way.

I have, &c.,

(Signed) CARLOS GUTIERREZ.

Inclosure in No. 2.

(Translation.)

José Maria Medina, Captain-General and President of the Republic of Honduras.

CONSIDERING that the Sovereign Congress has been pleased to approve the Convention arranged with Messrs. Bischoffsheim and Goldschmidt on the 25th of October, 1867, wherein it is stipulated that the executive authority shall be able to negotiate when it deems it fitting a Supplementary Loan with the object of finishing the Inter-oceanic Railway, and desirous of finishing as early as may be this work already commenced, he has thought fit to confer, as he doth confer by means of the present upon Señor Don Cárlos Gutierrez, Minister Plenipotentiary of the Republic at the Court of Her Britannic Majesty, full powers to negotiate on account of the Supreme Government of Honduras, either by himself alone or associating himself with Señor Don Victor Herran, Minister of Honduras in Paris, a loan not to exceed two millions net of pounds sterling, upon the same conditions as the loan of one million, negotiated in London with the said house of Messrs. Bischoffsheim. For the purpose, let there be granted to the said Señor Gutierrez full powers to negotiate, conclude, and sign whatever agreements and contracts he may deem fitting for the realisation of the same loan, and to issue and sign, in the name of the Government of Honduras, the bonds that may be delivered in representation of the said two millions of pounds, on the understanding that the Supreme Government will ratify, as forthwith it doth ratify, whatever agreements the said Señor Minister may realise by himself alone, or associated with his colleague in Paris, in the form and under the conditions previously mentioned. Let Señor Gutierrez be also empowered to convert, in case that he may think it necessary and desirable, the old federal debt acknowledged by the Republic to the holders of British bonds, in that of the loan of the Inter-oceanic Railway.

Given in Comayagua, in the house of the Government, signed with my hand, sealed with the lesser shield of the National Arms, and countersigned by the Minister of Foreign Affairs, on the Fourteenth of March, One thousand eight hundred and seventy.

(Signed) J. MEDINA.

CARLOS MADRID,
The Minister of Foreign Affairs.

No. 3.

(*Señor Gutierrez to Earl of Derby.—(Received November* 9.)

Mi Lord, *Londres, 9 de Noviembre de* 1875.

EN la comunicacion que tuve la honra de dirigir á vuestra Excelencia impresa, fechada el 20 de Setiembre último, en la página 12, lineas 30 á 35, se deslizó en la redaccion una frase que contiene un error notable.

Deseando con la mejor buena fé que queden establecidos con exactitud todos los hechos á que me refiero en esa comunicacion, me apresuro á corregir el error ál que acabo de tracer alusion.

Dice el período :—" El mismo Ministro Señor Herran firmó en 27 de Agosto de 1856, el Tratado de Amistad y Comercio con el Gobierno de Su Magestad Británica, devolviendo las islas de la Bahia y territorio de Mosquitos, y garantizando la neutralidad de un ferro-carril á través de Honduras."

El Ministro Señor Herran firmó en 27 de Agosto de 1856, el Tratado de Amistad y Comercio con el Gobierno de Su Magestad Británica, garantizando la neutralidad de un ferro-carril á través de Honduras. Pero el Tratado devolviendo las islas de la Bahia fué firmado en Comayagua el 28 de Noviembre de 1859, de una parte por el Ministro Plenipotenciario de Su Magestad Británica, Charles Lennox Wyke, Esq., y de la otra parte por Don Francisco Cruz, Gefe Politico del Departamento de Comayagua, cuyo Tratado fué ratificado y cambiadas las ratificaciones el 18 de Abril de 1860.

Rogando á vuestra Excelencia se sirva tener presente esta rectificacion, tengo la honra de reiterar, &c.

CARLOS GUTIERREZ.

(Translation.)

My Lord, *London, November*, 9, 1875.

IN the printed communication which I had the honour to address to your Excellency dated the 20th of September last, there remained after correction, on page 12, lines 30 to 35, a sentence containing a manifest mistake.

As I most sincerely wish to establish with exactitude all the facts to which I refer in that communication, I hasten to correct the error to which I have alluded.

The passage is as follows :—

"The same Minister Señor Herran signed on the 27th of August, 1856, the Treaty of Friendship and Commerce with the Government of Her Britannic Majesty, giving back the Bay Islands and the Territory of Mosquito, and guaranteeing the neutrality of a railway through Honduras."

The Minister Señor Herran signed on the 27th of August, 1856, the Treaty of Friendship and Commerce with the Government of Her Britannic Majesty, guaranteeing the neutrality of a Railway through Honduras. But the Treaty giving back the Bay Islands was signed in Comayagua, the 28th of November, 1859, on the one side by the Minister Plenipotentiary of Her Britannic Majesty, Charles Lennox Wyke, Esq., and on the other side by Don Francisco Cruz, Political Chief of the Department of Comayagua, which Treaty was ratified and the ratifications were exchanged on the 18th of April, 1860.

Begging your Excellency to note this correction, I have the honour to repeat, &c.

(Signed) CARLOS GUTIERREZ.

No. 4.

The Earl of Derby to Señor Gutierrez.

M. le Ministre, *Foreign Office, November* 13, 1875.

I HAVE the honour to acknowledge the receipt of your letter of the 9th instant, in which you correct an accidental misstatement contained in your letter of September 20th, relative to the date of the Treaty of Comayagua.

I have the honour at the same time to state to you that your letters of September 20th and October 27th are under the consideration of Her Majesty's Government.

I have, &c.,

DERBY.

HONDURAS. No. 2 (1876).

CORRESPONDENCE with Señor Gutierrez on the subject of the Report of the Select Committee of the House of Commons on Foreign Loans.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS.

571

COMMERCIAL. No. 7 (1876).

DECLARATION

PROLONGING THE

DURATION OF THE TREATY OF COMMERCE

AND

NAVIGATION

BETWEEN

HER MAJESTY

AND

THE KING OF ITALY,

OF THE

6TH OF AUGUST, 1863.

Signed at Rome, May 22, 1876.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS.

[C.—1483.] *Price 1d.*

DECLARATION prolonging the Duration of the Treaty of Commerce and Navigation between Her Majesty and the King of Italy of the 6th of August, 1863.

Signed at Rome, May 22, 1876.

WHEREAS the Treaty of Commerce and Navigation between Great Britain and Italy of 6th August, 1863, would cease to be in force on the 26th June, 1876, in consequence of a denunciation made by the Italian Government, and the two Governments having recognized the utility of prolonging its duration, the Undersigned, duly authorized to this effect, have agreed to declare as follows:—

The Treaty of Commerce and Navigation between Great Britain and Italy of the 6th August, 1863, will continue to remain in force until the 30th April, 1877.

In faith of which they have signed the present Declaration, made in duplicate, and have affixed their seals.

Done at Rome, on the 22nd of May, 1876.

(L.S.) A. B. PAGET.

(L.S.) MELEGARI.

IL Trattato di Commercio e di Navigazione fra la Gran Bretagna e l'Italia del 6 Agosto, 1863, dovendo cessare d'essere en vigore a datare dal 26 Giugno, 1876, in seguito a denunzia fattane dal Governo Italiano, ed i due Governi avendo riconosciuto l'utilità di prorogarne la durata, i Sottoscritti, debitamente autorizzati a quest'effetto, sono convenuti di dichiarare quanto appresso:—

Il Trattato di Commercio e di Navigazione fra la Gran Bretagna e l'Italia del 6 Agosto, 1863, continuarà a restare in vigore fino al 30 Aprile, 1877.

In fede di che essi hanno firmato la presente Dichiarazione, fatta in doppio esemplare, e vi hanno apposto i loro sigilli.

Fatto in Roma, il 22 Maggio, 1876.

(L.S.) MELEGARI.

(L.S.) A. B PAGET.

COMMERCIAL. No. 7 (1876).

DECLARATION prolonging the Duration of the Treaty of Commerce and Navigation between Her Majesty and the King of Italy of the 6th of August, 1863.

Signed at Rome, May 22, 1876.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON:
PRINTED BY HARRISON AND SONS

JAPAN. No. 1 (1876).

CORRESPONDENCE

RESPECTING THE

TREATY

BETWEEN

JAPAN AND COREA.

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
PRINTED BY HARRISON AND SONS

[C.—1530.] *Price* 2½*d.*

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Correspondence respecting the Treaty between Japan and Corea.

No. 1.

Mr. Plunkett to the Earl of Derby.—(Received January 17, 1876.)

(Extract.) *Yedo, December 9, 1875.*

I HAVE the honour to inform your Lordship that, having received a private note from Mr. Terashima stating that he wished to see me about some current business, I called at the Foreign Department at 2 o'clock this afternoon, accompanied by Mr. McClatchie.

Instead of entering on the business he had mentioned in his note, his Excellency at once began the conversation by stating that he wished to speak to me on a subject which he had frequently discussed with Sir Harry Parkes.

I was doubtless aware of the peculiar relations which have existed for the last three hundred years between Japan and Corea, and he need not allude to the accusations made by the public papers against Her Majesty's Minister of having encouraged the warlike aspirations of Japan in that quarter. These accusations were totally false, and the Government had at once published a formal denial of the charge. He merely now alluded to them as a preface to what he was going to say.

The position of the Japanese Settlement at Sorio was becoming untenable, the Coreans would not act up to the Convention concluded with Mr. Moriyama, and finally, the attack on the Imperial gun-boat "Unyokan" had exhausted the patience of the Japanese Government, and they felt the time was come when they must take steps to place their intercourse with Corea on a more satisfactory footing.

He, therefore, now wished to take the first opportunity of informing me, as Sir Harry Parkes was not within reach, that the Government had decided on sending a special High Commissioner to the capital of Corea, to propose the negotiation of a preliminary Treaty of Commerce and Navigation.

The person selected for this mission is Mr. Kuroda, one of the Cabinet Ministers and head of the Ministry of Colonization. He will set out in about ten days, and will be accompanied by several secretaries, and also by two or three men-of-war and a very small body of troops. This small force is in no way intended to act aggressively, but is only for his protection in case the Coreans should attack the Mission.

If the Corean Government receive Mr. Kuroda and accept his proposals, there need be no difficulty in the matter; but, should he meet with a hostile reception, it will be his duty simply to return and await the further instructions which may be given to him.

No special military arrangements are being made in view of this Mission, and the Government hope it will be found unnecessary to have recourse to strong measures.

No. 2.

Sir H. Parkes to the Earl of Derby.—(*Received February* 12, 1876.)

(Extract.) *Yedo, December* 31, 1875.

MR. PLUNKETT'S despatch of the 9th instant will have informed your Lordship of the determination taken by the Japanese Government to deal with the Corean question by dispatching to that country a High Commissioner and Special Envoy charged with the negotiation of a Treaty of Commerce, and supported by considerable naval and military force.

Since my return to Yedo on the 22nd instant I have endeavoured to learn why the Japanese Government adopted this step at the present time, and how far the execution of their plans had advanced.

The Foreign Minister stated to me on the 24th instant that, having once taken the determination to send a High Commissioner to Corea, the Government thought it desirable to carry it out promptly. Such a mission was judged necessary because events had shown how hopeless it was to attempt to treat with the local Corean officials at Fusankai, and the relations of Japan with Corea could no longer remain on their present unsatisfactory footing. In order to effect the necessary changes, certain essential conditions would be required at once, while others might be obtained gradually. Those which would at once be demanded from the Coreans were:—

Firstly, the opening of one or more Corean ports, to which the Japanese should be admitted to trade freely.

Secondly, proper provision for the treatment of shipwrecked Japanese, and for the relief of Japanese vessels requiring shelter from stress of weather.

Thirdly, a satisfactory explanation of the attack upon the "Unyokan," and an assurance that the Japanese flag should not again be exposed to similar outrage.

The Japanese Government had, at one time, supposed that the first and second conditions might have been obtained by means of the arrangement made by the Japanese Agent Moriyama with the local Corean officials last year. The Coreans then agreed to receive a letter from the Japanese Government, and to dispatch an Envoy in return to Yedo. But when Moriyama returned with the letter this year they refused to receive him. The trifling traffic now carried on by the Japanese at Sôriô could not be called trade. The Japanese admitted to that settlement were supposed to belong to the Island of Tsushima only, and they could only buy and sell such commodities as the Corean officer in the settlemont chose to permit.

Shipwrecked Japanese were not properly treated by the Coreans, nor were Corean cast-a-ways received from the Japanese in a becoming manner; and the firing on the "Unyokan" proved that Japanese vessels might be attacked if they approached the Corean shores. If the Corean Government refused to concede these three points when demanded by the High Commissioner, the refusal would be regarded as a rupture of relations. In that event, or if the High Commissioner were not received, or encountered insult or attack, he would have to return and leave it to the Government to take the course they would then be compelled to adopt. But, considering the moderate nature of the Japanese demands, he (Terashima) did not see why negotiations should not be successful. Every allowance would be made for the prejudices of the Coreans, and only such an amount of intercourse, whether official or commercial would be asked for as the Coreans in their present condition could grant. The Japanese Government were quite willing to reserve for a later period the question of whether a resident Minister should be sent to Corea. The force sent with the High Commissioner was only intended for his protection.

In reply to my inquiry as to when Kuroda, the High Commissioner, would be despatched, Mr. Terashima stated that the precise time was uncertain. It had been suggested that the navigation of the river leading to the Corean capital might be impeded at this season by ice. That contingency had not been thought of when it was proposed that he should leave on the 25th instant.

In discussing the subject the same day with another Japanese Minister, he observed that the Coreans would be fully informed of the approach of Kuroda, and of the objects of his mission. Mr. Hirotsu, the officer who had been sent to Sôriô to give them notice, had already arrived there. The announcement which he would make to the local Corean officials at Fusankai could be forwarded by them to the Government at the capital by the 25th instant. Mr. Kuroda would not arrive off

the river leading to the capital before the 20th of January, and thus the Corean Government would receive nearly a month's notice of his arrival. He would endeavour to obtain, by friendly negotiation, the right of trade, protection to navigation, and an explanation of the attack on the flag. The latter point would be easily adjusted if the two former were conceded, but, if they were refused, then Japan would be at liberty to treat the firing on the "Unyôkan" as a hostile act, and to exact signal reparation.

I afterwards saw the Prime Minister, who observed to me that the Government had resolved to close with the Corean question, because they thought that it could not longer be deferred. Some arrangement of the long-standing differences between the two countries had become necessary. This arrangement might be effected by peaceable means, but he was alive to the consideration that the Japanese overtures might be rejected by the Coreans; and, in that case, collision would prove unavoidable.

No. 3.

Sir H. Parkes to the Earl of Derby.—(Received February 21.)

(Extract.) *Yedo, January* 10, 1876.

IN continuation of my despatch of the 31st ultimo, I have now to add that the High Commissioner Kuroda left Yedo on his Corean Mission on the 6th instant. The squadron consisted of two vessels of war and three transports, and the military force embarked appears to have been limited to the three companies previously spoken of, or 750 men.

No. 4.

Sir H. Parkes to the Earl of Derby.—(Received March 15.)

(Extract.) *Yedo, January* 29, 1876.

IN continuation of my previous despatches on the subject of Mr. Kuroda's mission to the Corea, I have the honour to inform your Lordship that the expedition, which appears to have been now increased to seven ships, arrived at Fusankai on the 15th instant, and remained at anchor there for eight days. On the 23rd instant the expedition sailed for Kokwa, where it ought to have arrived on the 26th.

The object of its stay at Fusankai for so long a time was probably twofold; first, to prove to the Coreans that the expedition had actually started, and to give them time to appreciate its strength; and, secondly, to enable Mr. Kuroda to obtain information as to the probable intentions of the Corean Government.

Kokura is the most convenient centre for communicating, at the same time, with the large military stations of Hiroshima, Marugamé, and Kumamoto, and is, moreover, on the direct road from Yedo or Osaka to Corea. It has the best anchorage in the Shimonoseki Straits, and is distant only about 125 miles from Tusankai, and about 450 miles from Kokwa.

It is evident on all sides that the Japanese Government is getting a force in readiness; but, whether it will be necessary to resort to actual hostilities or not depends upon the manner in which the Coreans receive Mr. Kuroda when he arrives at Kokwa.

The Japanese Government expect to receive positive intelligence on this point about the commencement of next month. I think, however, it may not improbably turn out that the Coreans will hesitate to take any decided action at the outset, and that some days may be lost after the arrival of the expedition at Kokwa before Mr. Kuroda will know whether he is going to be received as a friend or as an enemy.

It is also not improbable that the very unusual severity of this winter may greatly retard the advance of the expedition, as well at sea as on land.

No. 5.

Sir H. Parkes to the Earl of Derby.—(*Received March* 25.)

My Lord, *Yedo, February* 7, 1876.

THE Vice Minister of State, Iwakura, informed me yesterday that the Government were without any news from the Corean expedition, and, therefore, hoped that it had not met with a hostile reception. He said that all the vessels composing the expedition rendezvoused at Port Horner, which, he said, is on an island about 120 miles from Kokwa, on the 23rd ultimo, and were expected to reach Kokwa by the 27th at latest. Had they been fired upon on their arrival there, news of such an event would by this time have reached Yedo.

His Excellency hoped therefore, that the Coreans were inclined to allow negotiations to be entered on. I mentioned in my despatch of the 29th ultimo that I thought the Coreans would hesitate to take any decided action at the outset, and that some days might elapse after the arrival of the expedition at Kokwa before Mr. Kuroda would know whether he was to be received as a friend or as an enemy.

The circumstance of the vessels arriving off Kokwa just at the period of the Korean new year, would not be favourable for the transaction of business, and it is possible that the delay, which I anticipated as probable, has in reality taken place.

His Excellency again emphatically assured me that the Japanese Government had no desire for war, which would only be resorted to if absolutely inevitable.

I have, &c.

(Signed) HARRY S. PARKES.

No. 6.

Mr. Plunkett to the Earl of Derby.—(*Received April* 8.)

(Extract.) *Yedo, February* 21, 1876.

WITH reference to Sir Harry Parkes's despatch of the 7th instant, I am assured, both by the Minister for Foreign Affairs and by the Vice-Minister of State, that they have had no intelligence of any description from Mr. Kuroda later than what he sent on his arrival at Port Horner on the 23rd ultimo.

Your Lordship will recollect that Port Horner is only 120 miles from Kokwa, and that Mr. Iwakura expected that the Japanese squadron would reach the latter place somewhere about the 27th ultimo. As Mr. Kuroda has some fast steamers with him, he could easily communicate with Shimonoseki, from which he is less than 500 miles distant, and where he would strike the telegraph wires to Yedo.

Therefore both the Government and the public here appear to consider this long silence to be a symptom that negotiations of some kind with the Coreans have been commenced.

No. 7.

Mr. Plunkett to the Earl of Derby.—(*Received April* 8.)

(Extract.) *Yedo, February* 21, 1876.

WITH reference to my preceding despatch, I have the honour to inform your Lordship that I called upon Mr. Iwakura on the 19th instant, to communicate to him a portion of a telegram which I had received from Sir Thomas Wade.

I told his Excellency that I knew Her Majesty's Minister was in the habit of giving him any interesting news he might receive from Peking. I therefore had come to let him know that Sir Thomas Wade had telegraphed, on the 3rd instant, that the Tsung-li Yamên had informed him that China would not interfere in the Corean question; and, moreover, that he had heard from the Japanese Minister that Li Hung Chang had promised Mr. Mori to advise that the Yamên should recommend Corea to be reasonable.

Mr. Iwakura replied that the latest intelligence from Mr. Mori, which was about a fortnight older than Sir Thomas Wade's telegram, only stated that he

hoped China would not interfere, but he had not then been able to obtain any positive assurance from the Yamên on the subject.

His Excellency said he was, therefore, much pleased to learn what Sir Thomas Wade had reported respecting the non-interference of China.

His Excellency said he trusted Mr. Kuroda's long silence was a sign that the Coreans had consented to negotiate, but he hoped every moment to hear something positive; and he promised, in return for the important news I had given him, to call on me as soon as he had anything to communicate from Mr. Kuroda.

No. 8.

Mr. Plunkett to the Earl of Derby.—(*Received April* 24.)

My Lord, *Yedo, March* 3, 1876.

ABOUT 9 o'clock on the afternoon of the 1st instant I received a private note from Mr. Iwakura, translation of which is herewith inclosed, informing me that negotiations with Corea were concluded, and that a Treaty had been signed on the 27th of February.

I have the honour to inclose copy of the reply I wrote unofficially to Mr. Iwakura on receipt of his Excellency's note, as well as of a private letter which I received next morning from the Vice-Minister for Foreign Affairs, and of the note which I sent to him in acknowledgment of his communication.

No particulars having yet been published, I called this afternoon on Mr. Terashima, and, after congratulating his Excellency on having so quickly obtained a pacific solution of the Corean question, I inquired whether he could tell me what were the conditions of the Treaty.

His Excellency replied that he could tell me nothing more than what I had heard from M. Sameshima.

Mr. Kuroda had merely telegraphed one single line from Shimonoseki, and was coming on directly to Yedo, where he ought to arrive on the 5th. After the Commissioner's arrival only would the Cabinet itself know the conditions; but Mr. Terashima added laughingly, "when the news is good, one line is sufficient."

The substance of Mr. Kuroda's telegram was published yesterday in the Proclamation, of which a translation is herewith inclosed.

Nothing whatever had been heard from Mr. Kuroda since the end of January, and nothing had transpired as to how he had been received on his arrival at Kôkwa. The intelligence, therefore, has taken everybody by surprise, and has been, as far as I can yet judge, received with pleasure by the public, both foreign and Japanese.

I have, &c.
(Signed) F. R. PLUNKETT.

Inclosure 1 in No. 8.

Mr. Iwakura to Mr. Plunkett.

(Translation.) *Yedo, March* 1, 1876.

ACCORDING to the promise which I made to you when you were so kind as to visit me and have friendly conversation a few days since, I beg to inform you that a telegram was received at 2 o'clock this afternoon from Kuroda, our High Commissioner Plenipotentiary, now residing at the Island of Kôkwa, in the country of Corea, to the effect that his negotiations with that country have been completed, and that the seals of both parties were attached to a Treaty on the 27th ultimo.

In haste,
(Signed) IWAKURA TOMOMI.

Inclosure 2 in No. 8.

Mr. Plunkett to Mr. Iwakura.

Sir, *Yedo, March* 1, 1876.

I BEG to thank your Excellency for your kind note of yesterday, and for having so promptly informed me of the happy conclusion of the negotiations with

Corea. I hasten to offer you my best congratulations on an event which will mark an epoch in the history of this Empire.

I avail, &c.
(Signed) F. R. PLUNKETT.

Inclosure 3 in No. 8.

Mr. Saméshima to Mr. Plunkett.

My dear Mr. Plunkett, *March* 2, 1876.

IT gives me much pleasure to inform you that Mr. Kuroda arrived yesterday at Shimonoséki, whence he has telegraphed the satisfactory news that he has concluded a Treaty with Corea. Knowing you are interested to hear about Corea, I take the earliest opportunity to inform you of the above facts.

Sincerely yours,
(Signed) SAMESHIMA.

Inclosure 4 in No. 8.

Mr. Plunkett to Mr. Saméshima.

My dear Mr. Saméshima, *Yedo, March* 2, 1876.

I HASTEN to thank you for the friendly note you sent me this morning, and beg at the same time to congratulate you on the excellent news you have received from Corea.

Believe me, &c.
(Signed) F. R. PLUNKETT.

Inclosure 5 in No. 8.

Notification No. 25.

(Translation.)

To In, Shô, Shi, Chô, Fu, and Ken.

IT is hereby notified that a telegram has been this day received, to the effect that our High Commissioner Plenipotentiary, Kuroda Kiyotaka, has concluded his negotiations with the Corean Government, and that a Treaty was exchanged with the said Government on the 27th ultimo.

(Signed) SANJO SANEYOSHI, *Daijô-Daijin.*

March 2, 1876.

No. 9.

Mr. Plunkett to the Earl of Derby.—(Received April 24.)

My Lord, *Yedo, March* 6, 1876.

WITH reference to my despatch of the 3rd instant, in which I informed your Lordship that a telegram had been received from Shimonoseki, announcing the conclusion of a Treaty with Corea, but that the Japanese Government did not then know its provisions, I have now the honour to report that the High Commissioners arrived in Yedo on the morning of the 4th instant.

As they were not expected to reach this until yesterday, no preparations had been made to receive them, and they landed privately at Shinagawa.

Yesterday, however, Messrs. Kuroda and Inouye made their formal entrance into Yedo. They were received at the railway station by a guard of honour and by several Cabinet Ministers, troops were drawn up on the square outside, the town was all hung with flags, and they were escorted by cavalry to the Council of State, where they laid the Treaty officially at the feet of the Mikado.

I have not yet been able to see the Minister for Foreign Affairs, and the text of the Treaty has not yet been published; moreover, as to-day is a Japanese holiday, I cannot expect to learn any more particulars before the closing of to-night's English mail.

I am enabled, however, to inform your Lordship that Mr. Aston went, at my request, to the Foreign Department yesterday. He saw Mr. Ishibashi and asked him whether he would not tell him the substance of the Treaty, as I did not wish to trouble the Minister himself, when his time was probably so fully occupied. That gentleman having gone in to consult with Mr. Terashima, told Mr. Ashton that the principal provisions of the Treaty are :—

Permission for a Japanese Legation to reside in the Corean Capital.

Fusankai and two other ports to be opened to Japanese trade.

Japanese to survey the coasts and decide which two harbours they prefer.

Arrangements for proper treatment of any Japanese subjects who may be shipwrecked on the Corean coasts.

The regulations under which the trade will be carried on are reserved for future discussion.

The Treaty has already been ratified by the King of Corea.

Mr. Ishibashi did not inform Mr. Aston whether or not the Treaty contains any other stipulations, but I think it most probable that it does; and, as I am to see Mr. Terashima to-morrow, I will reserve any further remarks on this subject till the departure of the American mail at the end of this week.

The negotiations were carried on and the Treaty signed at Kôkwa (Kang-Hoa). Neither the Japanese Commissioners nor any of their suite went to the capital itself; but it would seem they could easily have done so if they had wished.

I have, &c.

(Signed) F. R. PLUNKETT.

No. 10.

Mr. Plunkett to the Earl of Derby.—(Received April 16.)

(Extract.) *Yedo, March* 9, 1876.

WITH reference to my despatch of the 6th instant, in which I reported all that I had so far been able to learn respecting the nature of the Treaty concluded by Messrs. Kuroda and Inouyé with Corea, I have the honour to inform your Lordship that I called on Mr. Terashima two days ago, in the hope of obtaining some further information as to its details.

His Excellency said he could not tell me much more than I appeared to know already, for he had not yet had time to examine the Treaty thoroughly himself. It had not yet been ratified by the Mikado, and various formalities had still to be gone through; so he considered it could not be published at soonest for some weeks yet. He assured me, however, that the only essential points as yet gained by the Japanese were the five which I reported to your Lordship in the despatch already alluded to, namely, Japanese Legation in Corean capital and a Corean Legation at Yedo.

Fusan and two other ports to be opened to Japanese trade.

Survey of Corean coasts by Japanese, to decide which ports are most suitable for trade.

Arrangements respecting shipwrecks.

Trade regulations to be discussed subsequently.

Mr. Terashima informed me that from the first appearance of the Japanese on the coast they were most amicably received by the Coreans.

The Corean Plenipotentiaries had at once agreed in principle to their proposals, and the only difficulties which Mr. Kuroda had had to contend with were on questions of form.

For instance, the principal delay in the conclusion of the negotiations had arisen from the Coreans refusing to insert the name of their King in the Treaty. It was, they said, impossible for them to write it. This difficulty, however, was overcome by the insertion of the word [Japanese characters] once at the commencement of the Treaty and afterwards the words "Corean Government" were employed whenever in the Treaty it was necessary to allude to the supreme authority of that country.

The Coreans objected to insert the word Emperor, no doubt because that would be assuming equality with China, or to use the word King, because that would be placing themselves in an inferior position to Japan.

They, however, appear to have made no difficulty about giving the proper titles and honorifics to the Mikado of Japan.

In reply to my inquiry whether he believed that China had given advice to the Coreans in this matter, Mr. Terashima said that the Japanese Commissioners were inclined to believe that she had recommended the Coreans to receive the Ambassadors courteously, for it was known that a messenger had arrived in the Corean capital early in February from Peking.

I gathered from Mr. Terashima that, as the regulations under which trade is to be carried on are not yet settled, but are to be discussed by Plenipotentiaries who are to be sent for this purpose to Kôkwa, he presumed that the commerce with Fusan will for the present be carried on in the same manner as has hitherto been the case. When I pressed him as to how far Japanese subjects would be permitted to penetrate into the country, whether, for instance, they would go beyond the present boundary and enter the walled city of Fusan, he replied that all these matters still remained to be settled.

"Our Treaty," said Mr. Terashima, "is much like the first Treaty made with Japan by Commodore Perry at Shimoda. It is as yet only a rough instrument, and the details will all have to be settled when the Regulations for Trade come to be discussed."

Having heard privately, and having also seen in the newspapers, a report that by the Treaty one of the southern Corean Islands had been ceded to Japan, I thought it right to ask Mr. Terashima whether there was any truth in the rumour in question. His Excelleney stated most emphatically that no cession whatever of territory had been made by Corea to Japan.

The Japanese Government will immediately send vessels to survey the Corean Coast with a view to selecting the two ports which it will suit them best to have opened.

The Japanese Legation in the Corean capital and the Corean Legation at Yedo will be established only fifteen months after the signature of the Treaty; but in the meanwhile, probably within a few months, special Plenipotentiaries will be sent to Kôkwa to frame the Trade Regulations.

I inquired of Mr. Terashima whether the Japanese Commissioners in their negotiations with the Coreans, had alluded to the opening of the country also to Europeans. I gathered from his reply that they had not given any advice on that point, and had confined themselves entirely to the attainment of their own objects.

Before leaving Kôkwa, Mr. Kuroda received from the Coreans a written communication expressing their regret for the attack made on the "Unyokan" last September.

The Japanese have been much impressed by the poverty and wretched appearance of all the Corean towns and villages which they visited.

No. 11.

Mr. Plunkett to the Earl of Derby.—(*Received April* 16.)

My Lord, *Yedo, March* 9, 1876

SINCE closing my despatch of this date, I have had a short conversation with Mr. Sameshima, the Vice-Minister for Foreign Affairs, and have learnt from him that in addition to what I have reported, there is also a provision in the Treaty insuring to the Japanese Government jurisdiction over their own subjects residing in the open ports of Corea.

Mr. Sameshima said that the manner in which this is to be carried out has still to be settled; but the principle of extra-territoriality has been conceded to them by Corea.

He spoke at some length and with manifest satisfaction of the good effect the news of Mr. Kuroda's success had had in this country; and, as far as it is possible to judge public opinion from its expression in the native press, it appears to me his anticipations of increased strength to the present Government ought to be well founded.

With one exception all the native newspapers were at first opposed to the expedition. They are now unanimous in their admiration of Mr. Kuroda's diplomacy,

and all congratulate the Government in having attained their object without exposing the country to the miseries of war.

I have, &c.
(Signed) F. R. PLUNKETT.

No. 12.

Sir H. Parkes to the Earl of Derby.—(Received May 4.)

My Lord, *Yedo, March 20, 1876.*

AT an interview which I had with the Foreign Minister to-day his Excellency informed me that the Treaty concluded between Japan and Corea, which has not yet been published, will be communicated to the foreign Representatives on the 22nd instant.

His Excellency observed that in negotiating that Treaty the Japanese Commissioners had avoided all reference to the question of whether intercourse with other nations should be permitted by Corea, partly because they had heard that the Corean Government wished to stipulate that the Japanese should bring no foreigners to Corea, and they had found it necessary in their own interest to confine their demands to such as concerned Japan alone. They believed, however, that the probability of Corea having to admit other foreigners was foreseen by the Corean Government, as one of the Corean officers who took part in the negotiations, and who had been at Peking, was heard to observe on one occasion that Corea must expect that a Treaty with Japan would eventually lead to similar engagements being concluded with other nations.

I have, &c.
(Signed) HARRY S. PARKES.

No. 13.

Sir H. Parkes to the Earl of Derby.—(Received May 7.)

My Lord, *Yedo, March 25, 1876.*

I HAVE the honour to report that the Japanese Government published yesterday the Treaty concluded with Corea, and that they have also communicated it to the foreign Representatives.

I now beg to forward a copy by the American mail, which leaves to-morrow; but I think it desirable, especially as the opportunity is not a fast one, to reserve the observations I have to offer to your Lordship on this Treaty for the French mail, which closes on the 27th instant.

I have, &c.
(Signed) HARRY S. PARKES.

Inclosure in No. 13.

Treaty of Peace and Friendship between Japan and Corea.

(Translation.)

THE Governments of Japan and Chōsen, being desirous to resume the amicable relations that of yore existed between them and to promote the friendly feelings of both nations to a still firmer basis, have for this purpose appointed their Plenipotentiaries, that is to say, the Government of Japan, Kuroda Kujotaka, High Commissioner Extraordinary to Chōsen, Lieutenant-General and Member of the Privy Council, Minister of the Colonization Department, and Inouye Ka-o-ru, Associate High Commissioner Extraordinary to Chōsen, Member of the Genrō-in; and the Government of Chōsen, Shinken Han-choo-soo Fu Ji, and Injishō, To-so-Fu, Fuku-sō-Kwan: who, according to the powers received from their respective Governments, have agreed upon and concluded the following Articles:—

ARTICLE I.

Chōsen, being an independent State, enjoys the same sovereign rights as does Japan.

In order to prove the sincerity of the friendship existing between the two nations, their intercourse shall henceforward be carried on in terms of equality and courtesy, each avoiding the giving of offence by arrogation or manifestations of suspicion.

In the first instance all rules and precedents that are apt to obstruct friendly intercourse, shall be totally abrogated, and in their stead rules liberal and in general usage fit to secure a firm and perpetual peace shall be established.

ARTICLE II.

The Government of Japan at any time fifteen months from the date of the signature of this Treaty, shall have the right to send an Envoy to the capital of Chōsen, where he shall be admitted to confer with the Rei-sō-han-sho, on matters of a diplomatic nature. He may either reside at the Capital or return to his country on the completion of his mission.

The Government of Chōsen in like manner shall have the right to send an Envoy to Tokio, Japan, where he shall be admitted to confer with the Minister of Foreign Affairs on matters of a diplomatic nature. He may either reside at Tokio, or return home on the completion of his mission.

ARTICLE III.

All official communications addressed by the Government of Japan to that of Chōsen shall be written in the Japanese language, and for a period of ten years from the present date they shall be accompanied by a Chinese translation. The Government of Chōsen will use the Chinese language.

ARTICLE IV.

Sōrio in Fusan, Chōsen, where an official establishment of Japan is situated, is a place originally opened for commercial intercourse with Japan, and trade shall henceforward be carried on at that place in accordance with the provisions of this Treaty, whereby are abolished all former usages, such as the practice of saikensen (junks annually sent to Chōsen by the late Prince of Tsusima to exchange a certain quantity of articles between each other).

In addition to the above place, the Government of Chōsen agrees to open two ports, as mentioned in Article V of this Treaty, for commercial intercourse with Japanese subjects.

In the foregoing places Japanese subjects shall be free to lease land and to erect buildings thereon, and to rent buildings, the property of subjects of Chōsen.

ARTICLE V.

On the coast of five provinces, viz., Keikin, Chiusei, Zenra, Keishō, and Kankiō, two ports, suitable for commercial purposes, shall be selected, and the time for opening these two ports shall be in the twentieth month from the second month of the ninth year of Meiji, corresponding with the date of Chōsen, the first moon of the year Heishi.

ARTICLE VI.

Whenever Japanese vessels, either by stress of weather or by want of fuel and provisions, cannot reach one or the other of the open ports in Chōsen, they may enter any port or harbour either to take refuge therein, or to get supplies of wood, coal, and other necessities, or to make repairs; the expenses incurred thereby are to be defrayed by the ship's master. In such events both the officers and the people of the locality shall display their sympathy by rendering full assistance, and their liberality in supplying the necessities required.

If any vessel of either country be at any time wrecked or stranded on the coasts of Japan or of Chōsen, the people of the vicinity shall immediately use every exertion to rescue her crew, and shall inform the local authorities of the disaster, who will either send the wrecked persons to their native country or hand them over to the officer of their country residing at the nearest port.

ARTICLE VII.

The coasts of Chōsen having hitherto been left unsurveyed are very dangerous for vessels approaching them, and in order to prepare charts showing the positions of islands, rocks, and reefs, as well as the depth of the water, whereby all navigators

may be enabled safely to pass between the two countries, any Japanese mariner may freely survey said coasts.

ARTICLE VIII.

There shall be appointed by the Government of Japan an officer to reside at the open ports in Chōsen for the protection of Japanese merchants resorting there, providing that such arrangement be deemed necessary. Should any question interesting both nations arise the said officer shall confer with the local authorities of Chōsen and settle it.

ARTICLE IX.

Friendly relations having been established between the two contracting parties, their respective subjects may freely carry on their business without any interference from the officers of either Government, and neither limitation nor prohibition shall be made on trade.

In case any fraud be committed or payment of debt be refused by any merchant of either country, the officers of either one or of the other Government shall do their utmost to bring the delinquent to justice, and to enforce recovery of the debt.

Neither the Japanese nor the Chōsen Government shall be held responsible for the payment of such debt.

ARTICLE X.

Should a Japanese subject residing at either of the open ports of Chōsen commit any offence against a subject of Chōsen, he shall be tried by the Japanese authorities.

Should a subject of Chōsen commit offence against a Japanese subject, he shall be tried by the authorities of Chōsen.

The offenders shall be punished according to the laws of their respective countries.

Justice shall be equitably and impartially administered on both sides.

ARTICLE XI.

Friendly relations having been established between the two contracting parties it is necessary to prescribe trade regulations for the benefit of the merchants of the respective countries.

Such trade regulations, together with detailed provisions, to be added to the Articles of the present Treaty, to develop its meaning and facilitate its observance, shall be agreed upon at the Capital of Chōsen or at the Kok'wa-fu, in the said country, within six months from the present date by Special Commissioners appointed by the two countries.

ARTICLE XII.

The foregoing eleven Articles are binding from the date of the signing hereof and shall be observed by the two Contracting Parties, faithfully and invariably, whereby perpetual friendships shall be secured to the two countries.

The present Treaty is executed in duplicate, and copies will be exchanged between the two Contracting Parties.

In faith whereof, we, the respective Plenipotentiaries of Japan and Chōsen, have affixed our seals hereunto this twenty-sixth day of the second month of the ninth year of Meiji, and the two thousand five hundred and thirty-sixth since the accession of Zimmu Tenno, and in the era of Chōsen, the second day of the second moon of the year Heishi, and of the founding of Chōsen the four hundred and eighty-fifth.

(L.S.) KURODA KUJOTAKA, *High Commissioner Extraordinary to Chosen, Lieutenant-General and Member of the Privy Council, Minister of the Colonization Department.*

(L.S.) INOUYE KAORU, *Associate High Commissioner Extraordinary to Chosen, Member of the Genroin.*

(L.S.) SHIN KEN, *Dai-Kwan, Han-Choo-Soo-Fuji of Chosen.*

(L.S.) IN-JI-SHIO, *Fuku-Kwan, Tosofu, Fuku-Sokwan of Chosen.*

No. 14.

Sir H. Parkes to the Earl of Derby.—(Received May 11.)

(Extract.) *Yedo, March 27, 1876.*

WHEN the Japanese Government decided to send Kuroda's mission to Corea, they despatched an officer, Mr. Hirotsu, in advance to Fusan, in order to announce this intention to the Corean Government. The despatch which Mr. Hirotsu was instructed to deliver plainly told the Corean Government that the High Commissioner would proceed to the capital or its vicinity, and would demand satisfaction for the breach of the agreement concluded with Moriyama in 1874, and for the attack on the Japanese gun-boat. When the Mission reached Tsushima, Mr. Hirotsu reported that the despatch had been delivered at Fusan, but that the Corean local authorities earnestly deprecated the visit of the Mission to the capital. Mr. Kuroda, therefore, determined to proceed to Fusan, in order to make it plainly understood to the Corean authorities that he would carry out his instructions to the letter, and proceed with his ships to Kôk'wa.

When the ships assembled at the rendezvous off Isle Fournier, they were boarded by local officers, who offered presents, and said that the Government had instructed them to supply their wants. Nothing was accepted from them; and, in order to afford time for the authorities at the capital to know of the arrival of the fleet, they were told that in four or five days the ships would move up to the nearest convenient anchorage to Kôk'wa, which proved to be Chôsan-to.

On arriving at Chôsan-to they were again visited by Corean officers, including several of the local authorities of Fusan, who were informed that the Japanese High Commissioners were willing to discuss the business of their mission with high functionaries of similar rank to themselves at Kôk'wa, but that unless they were immediately met there by such Commissioners on the part of the Corean Government, they would proceed on to the capital.

Shortly afterwards they were informed that Corean Commissioners would be sent to Kôk'wa.

The Japanese Commissioners landed and proceeded to Kôk'wa in considerable state, and on the 11th they had their first interview with the Corean Commissioners. They said they had been sent by their Government to learn, firstly, why the Coreans had broken the Agreement of 1874, which they had made with Mr. Moriyama; and, secondly, why they had fired in September last upon the Japanese gunboat "Unyôkan." The Corean Commissioners pleaded that the local officers of Fusan were to blame for the Agreement not having been carried out, as they had not reported what had occurred to the Government at the capital; and that the firing on the "Unyôkan" was a mistake, as the Coreans did not know that she was a Japanese vessel.

The Japanese Commissioners observed that the two charges having thus been fully admitted, the question of reparation remained to be considered, and, breaking off the interview suddenly, they said they would inform the Corean Commissioners the next day of the satisfaction they had to demand.

At the interview next day, the Japanese Commissioners placed in their hands the draft of a Treaty which the latter said they would accept as satisfactory redress, provided it were at once agreed to. They were willing to allow the Corean Commissioners four or five days, but not more, to consider it.

The Corean Commissioners asked for ten days, as they had to submit the Japanese demands to the Government at the capital. The Japanese Commissioners replied that they would allow that time, provided that within the ten days the negotiations were completed, and the Treaty signed and exchanged.

The Corean Commissioners appeared to acquiesce, but on the ninth day they began to urge objections, and firstly on point of form. The draft Treaty gave the Mikado the title of "Kôtei" (Chinese, "Hwang-te," or Emperor), and the King of Corea, "ô" (Chinese, "Wang," or King). This did not denote equality between the two nations, which was professed in the Ist Article of the Treaty. As the Coreans could not adopt the title of Kôtei, they wished the Agreement to run in the names of the respective Commissioners only. This could not be acceded to by the Japanese Commissioners, who, however, expressed themselves willing to use the names of the two nations—Dai Trippon and Dai Chôsen (Great Japan and Great Corea)—instead of the titles of the Sovereigns. The Corean Commissioners then began to raise other difficulties, which were met by the Japanese Commissioners threatening to

break off negotiations. On the tenth day (22nd February) they did return to their ships, saying that they would give the Corean Commissioners two or three days to consider whether they would sign the Treaty as it stood, with no other alteration than the one above-named, as they (the Japanese Commissioners) would agree to no further modifications. On the 25th the assent of the Coreans reached the Japanese Commissioners, who proceeded again to Kôk'wa on the 26th, signed the Treaty at 9 A.M. on the 27th, re-embarked the same day, and on the 28th the fleet weighed and left Corea.

It may not be out of place for me to inclose in this despatch a description of Corea, which has appeared in print, and which has been written by one of the leading Secretaries of Kuroda's Mission, as it furnishes some further information confirmatory of the above remarks respecting the capacity of Corea for trade, and the condition of the Corean people.

Inclosure in No. 14.

Spirit of the Japanese Press.

COREA: THE COUNTRY, MANNERS, AND CUSTOMS.

(*Hochi Shimbun.*)

HAVING heard that Mr. Miyamoto of the Guaimusho, had returned from Corea with the Envoys, we called upon him. As it is not within the sphere of his duty to give any information upon purely official matters, we did not seek for this. But the following observations made by him upon the state of the country and the habits and customs of the people, may prove interesting to our readers, and we therefore publish them.

Having only seen Fusan and the south-western coast for about 500 ri, and Kôk'wa and its neighbourhood, we cannot speak with accuracy regarding the whole country, but so far as we could see the soil is poor, wears a reddish-yellow appearance, is hard, and ill-suited for cultivation. About Fusan, Kôk'wa, and the banks of the Kanko river, the ground is covered with hillocks, giving a picturesque appearance to the country from a distance. This impression, however, disappears on closer acquaintance. The soil is harsh and the vegetation sparse and stunted. We saw pine trees, but they are crooked and ugly, and not straight and graceful like those of our own country. This proves that the soil is poor, and lumber must be scarce and dear. At Kôk'wa we tried to get a cedar log of twenty feet in length, but without success. The principal building material is pine; neither cedar nor "hinoki" (*Retinispora obtusa*) are used.

It would appear that there is some law in Corea limiting the size of the houses of the common people, as they are all domiciled in dwellings about ten or twelve feet square, and little better than dog kennels. The walls consist of a mixture of stone and earth, and the roofs of rice-straw thatch. The plaster which we use in Japan is apparent unknown, and there is but a scanty display of wood. The floors are made like our furnaces, and of compact hardened earth. Oiled paper is placed over this, and on it people sit. Few of the houses have ceilings, which consist merely of oiled paper stretched from the uprights supporting the roof. The shops are entered through doors, on which are inscribed sayings of a graceful nature in the Chinese character. Under the floor, and extending throughout its whole length, is a horizontal passage, at one end of this a fire is lighted, the smoke going out at the other, thus the house is warmed. It is difficult to preserve an even temperature. If too much wood is used the heat soon becomes excessive, and *vice versâ*, much the same, indeed, as with the use of our "kotatzu." This practice appears dangerous, for the soot hangs about the eaves and the exit of the smoke, and were the flames to catch the straw roof the houses would instantly be destroyed. The houses very much resemble the stoves used in Japan for roasting the sweet potato.

We saw no mats in the houses, and the people sit on the earthen floor, but not as we do, for they keep their legs out straight. In one of the Government offices we found a chair, much resembling those on which the priests sit. When entering a house people leave their shoes outside.

The quantity of fuel consumed in these fireplaces must be greater than that

used in our own, but reeds and rushes are used for the purpose. We asked why the same materials were not employed for roofing purposes instead of rice straw, but were told that they might only be used for fuel. The neighbouring hills are covered with pines; there appear to be no old trees, the demand for fuel being such that they are not allowed to grow to maturity.

The Japanese office at Fusan has been in existence 150 years, and stands on 20,000 tsuboes of ground. It is situated on the side of a hill. One of the ancestors of Sô Tsushima-no Kami had cherry and pine trees planted there, but they have never thriven, though they lend some appearance of life to the reddish barren country round them. It is said that in Loochoo there are no shops where goods are exposed for sale, and the same custom seems to obtain in Corea.

Though Kôk'wa is a fine place, the houses are not built in rows, but scattered here and there, and are only six or seven feet in height. Dried fish and persimmons, tobacco and straw sandals are apparently the chief objects of trade. Chairs seemed to have been made for our special accommodation, but they were very rude, and painted with persimmon juice; skins of leopards were placed over them. All the Government offices have tiled roofs like our own, and being built of brick, are recognisable at a glance. They all have two gates, an outer and an inner, and in some respects resemble our temples. The tiles are of bad quality, and the woodwork shows no skill. The frames of the paper doors are so clumsy and heavy that but very little light is admitted into the rooms, before each of which a board hangs. These boards are not very finely finished, but the Chinese characters upon them are skilfully cut. In respect of conveniences all these offices are very deficient, and, for similar reasons, the public roads are filthy.

The widest roads are from fifteen to twenty feet in breadth, the narrower ones from eight to nine. There is no provision at their sides for carrying off the rain, and they are apparently never repaired or improved. The streets are dirty, but are decorated with monuments raised to departed local officials.

The city walls of the Kôk'wa "Fu" are about five miles in circumference, and run alongside of hills. They are only from two to three in height, partly constructed of mud and stone and partly of brick. There is a gate on each of the four sides. That which we first entered is called the Chinkai gate, the second the Kotoro gate, and these resemble the gates in Japan. They seem to have been carefully painted in days long past, but have fallen out of repair. The house within the walls are scattered irregularly, and not built in rows.

As regards clothing, both the upper and lower garments of the people are of white, and are undyed and unornamented in any way. Some of the officials wear silk, but of very coarse texture. When approaching the land, and at some distance, the Coreans present the pretty appearance of snow herons, but on closer inspection they resemble the lazy priests of our own temples, whose garments may once have been white, but are so no longer. Most of the higher officials dress in white silk, the lower grades wear garments of sky-blue colour, without sleeves. The long sleeve is the badge of higher rank, and is always worn while on duty. The skirts of dresses resemble those of our own priests, and are called "additional wings," —in some sense they may be said to resemble wings. The highest officials wear garments of shining silk of a light pink colour, and their head-dresses are similar to those usually seen in the portraits of Taiko Sama. On their feet they carry large heavy shoes, proving that our ceremonial costume came from China in the time of To. The head-dress is a large round hat, fastened by means of strings passing under the chin, and are said to be made of horsehair by the native women. Custom exacts that the hat be placed on the head when greeting a friend. The Coreans do not shave the head, but wear the hair long, and fasten it with pins into a bunch at the top of the head. These pins are made of silver or brass, and vary with the rank of the wearer. The children wear the hair braided or plaited like the Chinese, and we see that Tartar fashions are current in Corea. The women are said to be dressed something like Europeans, but as we did not see a single woman the whole time we were in Corea, it is impossible to speak positively. The dress of the men betrays less vanity than among ourselves.

(*Continued from March* 18.)

The domestic animals are dogs, horned cattle, fowls, horses and pigs, and differ but slightly from those of Japan. The cattle and pigs are very fat and the hides of

the former are among the exports of the country. The horses are about the size of our colts between one and two years old, or of the ass of China, and therefore only about one-third of the size of an Arab horse. We saw no kites or crows in Kô'kwa, but we saw birds of the size of pigeons of a dark blue colour with white breasts, sharp bills, and long tail feathers—possibly a kind of jay. They build in the willows near human dwellings, and were called by our people Corean crows. The number of sparrows appears less than in Japan. Wood is very scarce in all parts the country which we visited. We saw only pines; no cedar, oak, plum or cherry trees, excepting those in the compound of the Japanese Agency at Fusan. But the Coreans said that such trees were to be found in other parts of the country. Orange trees seem very scarce in Corea, and their fruit is purchased from our people at Tsushima. Tea does not seem to grow in the country, nor do the Coreans appear to be acquainted with the taste of it. The chief drink is an infusion of dried ginseng or ginger and dried orange peel. When ginger cannot be obtained—it does not grow in Corea—honey is used instead. The tobacco which we saw exposed for sale was a very dark colour. Corea produces rice of much the same quality as that grown in Japan. The people are very proud of its excellence, and aver that it is eaten by the Emperor of China.

Goma (*sesamum orientalis*) of an excellent quality, grows in the country, and its oil is largely used in cooking. eight or nine out of every ten dishes being prepared with it. It is also used for lamp-fuel. No rape is grown. Cotton is probably to be found, but the parts of the country we saw are not suitable to the growth of the plant.

Corea probably possesses mines. The hills are bare of grass and trees, and the soil is very dry, so that it is thought there may be much mineral wealth. But the iron mines are the only ones worked; copper, gold, and silver, if such metals exist, are yet untouched. It is possible that this has arisen from a foolish notion that their discovery would be prejudicial to the nation, and disturb the "fêng shuey" —a superstition which prevails in Corea. For this reason no gold coins or ornaments are to be seen; silver is used for hair-pins, but only in small quantities, and this comes from China. The copper and tin used in the country comes from Japan, and the former is to be found in the coins. The Coreans use copper for many purposes for which we employ earthenware or porcelain. The coins are of two sizes, and are called generically "Tohei Tsuho." One is larger than the other, but both pass as of the same value.

It is said that there are coal mines in the country, but, strange to say, dear as fuel is, the Coreans do not seem to know the value of coal for this purpose.

There is little worthy of record here in respect of the Corean military forces, though I will say a few words about them. Some 1,500 or 1,600 men came down to Kôk'wa when we were there. They wore wooden hats and coats of a reddish colour with wide sleeves, and bore neither armour nor helmets. They were armed with match-locks of a small size like those used by our Japanese hunters, and with swords, the blades of which, in all probability, are imported from Japan. The number of banners is large in proportion to the number of men, and some had characters upon them, the top of the colour-poles being ornamented with pheasants' feathers. The men appeared to be of all ages; some were young but many were quite old. They appear better drilled than our troops were prior to the arrival of Commodore Perry, as at that time each Daimio had his men drilled as he chose, while the Coreans had one central Government and one army Their dress seems well enough for fine weather, but bad for rain. It is said that they have only adopted the use of the sword recently in obedience to the command of the reigning Monarch.

The various forts are mounted with cannon. The guns round the city throw four and five pound shot. None of them were on carriages, but are merely placed on stones. They are fired with tow ropes, and a place is provided for the safety of the man who acts as gunner. The position of the guns was such as to lead us to infer that several men would be required to manage each one of them. The forts are usually on the sides of hills, and are loopholed for three or four guns.

In going up the Kôk'wa River to get into the Kanko River, we found the current very strong, running between steep banks, and very dangerous for small boats. In the Kanko River the current is not so rapid, and large blocks of ice floating down stream struck against us in a rather dangerous manner.

Buddhism prevails, but the priests do not appear to possess as much power as in Japan. It is said that there is a large Buddhist temple called Bongioji, at Torai, to the north of Fusan, but there are none at Kôk'wa. The priests dress in the same

way as our own, and attend the death-beds of the people, but have nothing to do with their burial, as in Japan. The reason appears to be that the superstition of "fêng shuey" prevails, and bodies are interred in the paddy fields, in gardens, woods, or on the hills, or wherever the inclination of the family may dictate, so that there are no regular burying-places. It is said that stone monuments are erected to men of distinction; but under ordinary circumstances a heap of earth is thrown up over the grave, and when this has disappeared by the operation of natural causes, which it does in thirty or forty years, the soil is again brought into cultivation.

It is said that when the French went to Corea they destroyed the city of Kôk'wa by fire, and took possession of some precious relics which had been buried with certain of the ancestors of the Corean kings. We went to the site of these tombs. They are two in number, are situated about half-way up a hill in a northerly direction from Kôk'wa, and are encircled with walls three feet high and from twenty to thirty feet in circumference. On the tombstone is inscribed "The tomb of Mansenden." They resemble the tombs of the "samurai" in Japan, and stand in the midst of waste land. The French would not have disturbed them unless they had known they were royal tombs. At the same time it is wholly improbable that they did know this, so that the story that they disturbed the graves and carried off the valuables contained in them was probably raised by some of the Coreans, who knew that their kings lay buried there, and when Kôk'wa was in confusion and pressed by the French, dug up and carried off the treasure, and afterwards imputed the outrage to the invaders.

The Coreans eat more meat and fat stuff than we do. The beef and pork are excellent. The oil of goma and garlic are greatly used in cooking, and are even mixed with rice. The Coreans seem to eat but little fish, as we saw no fishmongers' shops, and when we were entertained by the officials there was not a single dish of fish served. At Kôk'wa we occasionally saw in the shops a small quantity of fish looking like herrings, but this was all we met with. We could not discover whether fish is scarce on account of Kôk'wa being near the mouth of the muddy Yellow River, or whether the Coreans do not like it.

When the Treaty was signed we were entertained with a repast at which music was performed, and I will give a brief description of the dishes served. There was a sort of confectionery made of sugar, flour, and oil, cut into squares about 2 inches each way; a great heap of boiled eggs; a pudding of flour, "goma," and honey; dried persimmons; pine-seeds; honey-like (*sic*) food covered with roasted rice, painted red and white; maccaroni soup with fowl; boiled legs of pork, and wine with everything. The wine usually drunk by the Coreans is a strong spirit, but on this occasion was of about the potency of Japanese "saké" of inferior quality. The dishes were of earthenware like the "Imari yaki" (a kind of porcelain) of Japan, or the "goshi" of China. The table used on the occasion was square, rudely made, and painted with persimmon juice. Oiled paper was used for a table-cloth, and the wine was served from copper vessels.

While we were at the hotel we were served with food on common Japanese trays. We presented our hosts with some dried venison, "saké," and oranges, at which they were much pleased, and said they would send them to the King.

We saw no wine-ships, "geishas" (singing girls), or the like. It is said that all natural sons become priests, and daughters prostitutes; but we could not discover whether this was actually the case. We saw some Japanese hair-oil which they said was used by the women. The custom of excluding women from the public gaze seems to exist in Corea as in China, and it is said that even among themselves visitors are not permitted to see the wife. Thus we can give no description of the Corean women. Men do not use oil for the hair, which they pin up themselves. We saw no public baths or hair-dressing shops, and we heard that the Coreans do not bathe. In the warmer days of summer they go to the river or seashore to wash themselves; and in the hotel where we stayed there was not such a thing as a bath, so that we had to send to the ships for tubs in order to wash. This accounts for the filthy state in which the Coreans keep their persons, and for the dirty hue of their once white clothes.

No. 15.

Sir H. Parkes to the Earl of Derby.—(Received May 11.)

(Extract.) *Yedo, March 27, 1876.*

IN continuation of my despatch of the 25th instant, which was sent viâ America, and in which I forwarded without comment a copy of the Treaty recently concluded between Japan and Corea, as communicated to me by the Japanese Foreign Minister, I have now the honour to inclose a duplicate copy, and to offer the following observations.

Article I acknowledges the independence of Corea, and the equality of the two Contracting Powers. I learn that this Article, which was naturally acceptable to the Coreans, is also valued by the Japanese (by whom it was suggested) as denoting that Corea is independent of China.

Article II gives to each Power the right of establishing a Legation at the capital of the other, a right which it is believed the Coreans will not be eager to avail themselves of.

Articles IV and V open three ports to Japanese trade. One of these, namely Sorio or Fusan, where the Japanese have hitherto had their settlement, is to be opened at once, and the two other ports, which have yet to be chosen, in twenty months' time. By this arrangement the Japanese are relieved of the highly vexatious and derogatory restrictions under which they have hitherto traded at Sorio.

Article VI opens all Corean ports to Japanese vessels in want of supplies or repairs, or needing shelter from stress of weather, and makes special provision for the careful and hospitable treatment of shipwrecked crews.

Article VII provides, in view of the highly dangerous character of the Corean coasts, that "any Japanese mariner" may take soundings and make charts and surveys of those coasts. This task, however, will naturally devolve upon the Japanese Government.

Article VIII gives Japan the right to appoint officers (or Consuls) to protect Japanese trade and interests at the open ports.

Article IX provides that trade shall be carried on between Japanese and Coreans without interference on the part of the officers of either Government, who are not to place any limitation or prohibition upon trade. The respective Governments are to do their best to enforce payment of debts, but are not to be held responsible for the recovery of them.

Article X is specially noteworthy as showing that the Japanese Government, who have lately complained of the extra-territorial clauses of the foreign Treaties with Japan, have been careful to stipulate for the right of jurisdiction over their own people in Corea. They have also imitated those Treaties in not making this right reciprocal, as the foreign Minister has explained to me that this Article does not give the Coreans jurisdiction over their people in Japan. It is, in short, almost a repetition of Articles IV and V of the British Treaty of 1858 with Japan.

Article XI stipulates that all rules necessary for the regulation of trade, and any other provisions that may be required either to explain the meaning of the present Treaty or to facilitate its observance shall be negotiated by special Commissioners appointed by both countries, who shall meet for this purpose within six months, either at the capital of Corea or at Kôk'wa.

Article XII provides for the Treaty coming into immediate operation.

The resemblance between this Treaty and the British Treaty of 1858 with Japan is remarkable. The omissions or differences are almost entirely confined to those Articles in the last-named Treaty which relate to the exchange of coin, Custom-house control, and similar subjects. It has been explained to me that the Japanese Commissioners omitted mention of these matters on finding that the Corean Commissioners were wholly uninformed about them, and unable to discuss them intelligently, and they therefore inserted instead the XIth Article, which secures the due consideration and the management of all such details within six months.

No allusion is made in the Treaty to any other nation.

JAPAN. No. 1 (1876).

CORRESPONDENCE respecting the Treaty between Japan and Corea.

Presented to both Houses of Parliament by Command of Her Majesty. 1876.

LONDON
PRINTED BY HARRISON AND SONS.

595

PERU. No. 1 (1876).

FURTHER CORRESPONDENCE

RESPECTING THE

IMPRISONMENT OF BRITISH SUBJECTS

IN

PERU.

(In continuation of "Peru No. 1: 1875.")

Presented to the House of Lords by Command of Her Majesty.
1876.

LONDON:
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No. 1.

Mr. St. John to the Earl of Derby.—(*Received August* 13.)

My Lord, *Lima, July* 13, 1875.

IN my despatch of June 22, I informed your Lordship that I had written to Her Majesty's Consul at Panamá to request him to make inquiries about the missing "Talisman" telegram; in reply he informs me that he can hear nothing of it. If telegrams were addressed to Mr. Mallet they would probably reach me safely.

I may notice that the case of the "Talisman" is still before the Supreme Court.

I have, &c.

(Signed) SPENSER ST. JOHN.

No. 2.

Mr. Blair to the Earl of Derby.—(*Received August* 14.)

My Lord, *Low Shore, Macduff, August* 12, 1875.

I WAS duly honoured with your letter of the 6th, in answer to mine of the 2nd instant, relative to my son, one of the crew of the "Talisman," now in prison at Callao.

That the prisoners are instead of being fairly well treated most inhumanly treated by the Peruvian Government is shown, not only by the prisoners' own accounts, but by a letter from Mr. Ross, 27, Chapel Street, Birkenhead, which is published in the "North British Daily Mail" (Glasgow) of yesterday. A brother of Mr. Ross is one of the prisoners, and is the person I referred to in my former letter. Mr. Ross, who is in the employment of the Pacific Company, has been twice at Callao since the crew's imprisonment, of whose treatment by the Peruvian Government and the apathy of the British Consul he gives a heart-sickening detail.

I am aware that your attention has only to be directed to this, to stimulate you to use every exertion to have the prisoners properly treated, and the matter brought to a speedy conclusion.

A request was made to the Consul at Callao by me, to obtain permission for my son to communicate freely with me, and I inclosed stamps to cover postages, but the Consul did nothing.

I omitted to mention in my former letter, though perhaps it is of little consequence, that my son is a member of the Naval Reserve force, and has two years yet to serve.

It would confer a great favour on me if your Lordship would direct me to be informed what likelihood there is of the prisoners being released and when.

I have, &c.

(Signed) JOHN BLAIR.

No. 3.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, August* 18, 1875.

WITH reference to my despatch of July 14th, I inclose, for any observations you may wish to make thereon, copy of a letter* from Mr. John Blair, father of one of the "Talisman" prisoners, containing statements as to the ill-treatment of those men, and complaints as to the alleged apathy shown in the case by Her Majesty's Consul at Callao.

I am, &c.
(Signed) DERBY.

No. 4.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, September* 7, 1875.

WITH reference to your despatch of the 13th of July, and to previous correspondence, I have to state to you that Her Majesty's Government at length feel themselves compelled to remonstrate with the Government of Peru against the continued detention, without trial, of the British subjects taken on board the "Talisman," and now in prison at Callao.

With regard to the vessel herself, Her Majesty's Government do not wish to interfere in any way. The circumstances in which she was captured render her justly amenable to Peruvian jurisdiction, and, although the proceedings with regard to her have been slow, they do not appear to afford any substantial ground for interference on the part of Her Majesty's Government.

Even as regards the men, Her Majesty's Government freely admit that they also are justly amenable to Peruvian jurisdiction; but, while admitting this, Her Majesty's Government must claim the right to see that British subjects do not suffer manifest injustice in a foreign country, even though such injustice may be inflicted in accordance with the forms of law; and it appears to Her Majesty's Government that the detention in prison for ten months, without trial, of persons who may be perfectly innocent of any intentional offence against the laws of Peru, is so flagrant an act of injustice as to entitle Her Majesty's Government to insist upon its immediate redress.

I have, therefore, to instruct you to address a note to the Peruvian Minister for Foreign Affairs in the sense of this despatch.

You will explain to his Excellency that Her Majesty's Government have no wish to screen any British subject who, after a fair trial, may be found guilty of a wilful offence against the laws of Peru; but you will point out that the majority, if not all, of the prisoners are common seamen, shipped in England, very unlikely to have been knowingly engaged in a plot against the Peruvian Government, and who were, probably, altogether ignorant of the nature of the voyage in which the "Talisman" was employed. You will point out further that, notwithstanding their probable innocence, they have already undergone a severe punishment by being imprisoned for ten months in a foreign prison, where they have suffered considerable hardships, and that there does not appear to be any immediate prospect of their release.

You will, therefore, urge his Excellency in the strongest manner to cause steps to be taken to bring these men to trial without further delay, in order that those who may be found innocent of wilful offence against the laws of Peru may be at once set at liberty.

I am, &c.
(Signed) DERBY.

No. 5.

Mr. St. John to the Earl of Derby.—(*Received October* 2.)

My Lord, *Lima, August* 24, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of June 7, 1875,† informing me that your Lordship has been advised that the

* No. 2.

† See No. 66 in "Peru No. 1 (1875)."

explanations given by the Peruvian Government in the Higginson case preclude Her Majesty's Government from insisting further upon an apology and indemnity. In conveying this decision to the Peruvian Government I did not fail to add the substance of your Lordship's despatch.

I regretted to have to convey this decision, as lately the Acting Captain of the Port at Callao has been treating British subjects in a most arbitrary manner, and I have been in constant correspondence on the subject, and strongly remonstrating with the Peruvian Government. The annoyances have for the present ceased, and the Captain of the Port having returned to his duties may prevent further cause of complaint.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 6.

Mr. St. John to the Earl of Derby.—(*Received October* 2.)

My Lord, *Lima, August* 24, 1875.

IN my despatch of May 27 I informed your Lordship that an Englishman named Charles Morris, arrested June 1, 1873, had been condemned to twelve years in the penitentiary. As his guilt appeared to me more than doubtful, I furnished him with legal assistance, and on appeal he was acquitted, as the evidence against him was not considered sufficient.

This case shows to what a person is exposed in this country. Morris remained in prison above two years, and was then acquitted, there being really no evidence against him. I put it in his power to leave the country immediately, for fear the fate of Bell and Stirling might befall him.

I cannot get the case of William Mitchell settled, although I have written or spoken to the Minister on the subject at least once a week. This man was arrested December 1, 1874, on a charge of arson. He is, however, the only British subject, except the crew of the "Talisman," remaining in prison untried.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 7.

Mr. St. John to the Earl of Derby.—(*Received October* 2.)

My Lord, *Lima, August* 25, 1875.

IN my despatch of June 10 I informed your Lordship that the "Talisman" had been condemned as a good prize, but that an appeal had been lodged before the Supreme Court. It still pends there, and, although I have done all that I possibly could to urge the Government to expedite matters, the sentence has not been delivered; in fact, I believe that the Government have little influence in cases when once they are before the Courts.

With regard to the letter of Mr. C. Cameron, inclosed in your Lordship's despatch of July 14, 1875, I may notice that it is founded on erroneous information.

In Mr. March's despatch of December 26, 1874, he refers to the food furnished to the prisoners, and it is as good as could be expected, and I have never received any complaint from the crew of the "Talisman," either as to the quality or the quantity of the provisions furnished to them. The prison consists not of cells, but of the large casemates in the Callao fortress; they are very gloomy, but spacious and airy, and the prisoners have a large courtyard in which to take exercise. I believe that the prisoners confined with the crew of the "Talisman" are those who are awaiting trial, and for a long time they were principally persons concerned in an insurrection in the south.

As to the visits of the Minister or Consul, Freeman is in error. He writes on the 18th May that neither Mr. March nor I had visited the prison for four months; whereas in the second week of March I was there with the Consul of Callao, and carefully inspected the prison, and subsequently either Mr. March or someone from the Callao Consulate or this Legation has visited the prison almost weekly. I again

visited the prison with Mr. March in July, but no complaints were made to me, but, at the request of those who were suffering from slight attacks of fever, they were sent to hospital. As the prisoners have free communication both with the Legation at Lima and the Consulate at Callao, they can readily bring their complaints to our notice, when they would be immediately attended to.

The men are naturally very weary of their long confinement, and fancy themselves very neglected and ill-used, particularly as at first they were buoyed up by the promises of immediate liberty made by the Judge in charge of the case and by the Secretary of State. I have, however, since I have been in charge of the Legation, always informed them that the Government intended to bring every one of them to trial, as from the first I felt assured that such was their intention.

Your Lordship may, however, feel assured that the case of these men has never been neglected either by my predecessor or by myself.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 8.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, October* 11, 1875.

I HAVE received your despatch of the 24th August last; and I have to state to you, in reply, that I approve the language in which you conveyed to the Peruvian Government the decision of Her Majesty's Government with regard to the Higginson case, as therein reported.

I am, &c.
(Signed) DERBY.

No. 9.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, October* 11, 1875.

I HAVE received your despatch of the 24th August last; and, in reply, I have to state to you that I approve the steps taken by you to obtain the release of Charles Morris and the trial of William Mitchell, as reported in that despatch.

I am, &c.
(Signed) DERBY

No. 10.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, October* 11, 1875.

I HAVE received your despatch of the 25th of August last; and, in reply, I have to state to you that I approve the exertions you have used in order to expedite matters in the case of the "Talisman."

I am, &c.
(Signed) DERBY.

No. 11.

Mr. King to the Earl of Derby.—(*Received October* 14.)

My Lord, 18, *Rosalind Street, Stanley Road, Bootle, October* 12, 1875.

I BEG leave to address your Lordship on behalf of my son John, who was 2nd officer of the steam-ship "Talisman," and who has been for twelve months a prisoner in Callao, and for no fault of his, as he was quite ignorant of the nature of the expedition; and as we learn by letter, dated 27th August, that he is, from the long confinement in a damp and dirty cell, losing his health, and as yet there is no appearance of them being brought to trial, we pray your Lordship to use your good office in his favour, so that he may obtain his liberty until the trial comes on; if such

was granted, we can find first-class security for his forthcoming when called on. I am personally known to your steward, Mr. W. Moult.

I remain, &c.
(Signed) JOHN KING.

No. 12.

Mr. March to the Earl of Derby.—(Received October 16.)

My Lord, *Callao, September 7, 1875.*

AS there appears to be much difficulty in England in comprehending the reasons of the delays in the legal proceedings instituted in this country against the steamer "Talisman," perhaps the following remarks may not be considered superfluous:—

According to the evidence addressed, the first act of aggression on the part of the "Talisman" against Peruvian Law, was perpetrated at Pacasmayo, a port about 290 miles to the north of Callao, and it was there that the master and a portion of the crew who had landed, were made prisoners. The "Talisman" escaping from Pacasmayo with the harbour master on board, next touched at Pacocha, an inlet some 420 miles south of Callao, and there, whilst engaged in discharging her warlike stores, was, with the remainder of the crew, captured by the Peruvian ship of war "Huascar." The "Talisman" was immediately sent to Callao as a prize, whilst the prisoners remained for some time in two batches, one at Pacasmayo, and the other in the south. This, it is alleged, was the first cause of the long series of delays which have marked the case, for, before commencing proceedings against the ship, it was deemed necessary to collect the prisoners and their evidence, and great difficulty would seem to have been experienced in effecting this. There was also evidence to be brought from the neighbouring republic of Chile, and this likewise took up much time. At last the trial was concluded. Judgment was given against the ship, and the "Talisman" was declared a good prize. Had the case been allowed to stop here, the crew would, as I have reason to believe, have been discharged, or at the worst sentenced to leave the country, but the master or his lawyer lodged an appeal against the sentence, and thence the further delay in the termination of the proceedings. Should this appeal not prove satisfactory to the master he may, if so inclined, continue the present state of things by a further appeal to the Supreme Court—the highest in the country, and the decision of which is final. I do not, however, think he will do so. Such is the explanation given to me by the authorities. Thus your Lordship may observe that the master and the crew of the "Talisman" have not yet been placed upon their trial, and that a criminal prosecution against them depends entirely upon the issue of the action now pending against the ship. In the meantime, it may be satisfactory to your Lordship to know that these imprisoned British subjects are as fairly well treated as is possible under the circumstances. Their case has, from the beginning, been under the direct supervision of Her Majesty's Legation at Lima, and this Consulate has been equally active in the matter. Nothing, however, that does not bring about their instant liberation, seems to be appreciated. It was only yesterday, that on my representations, the "Callao British Benevolent Society," which I have the honour of presiding, very generously handed to me the sum of forty dollars to be expended on behalf of these men. This I have done in conjunction with Dr. Watson, the Board of Trade Medical Inspector, who has been most attentive to them. In the same locality with these British subjects are confined several Peruvian officers, of whom two are captains and three lieutenants. There was also a colonel at one time, but he has since been removed. Mr. Haddock, the master, has far better accommodation than many a Peruvian prisoner of a higher category. He has a room to himself, and when I last saw him—three days ago—he was reposing on a comfortable couch in a roomy and clean apartment. It is also but fair to the gaol authorities to add, that not only have they never thrown any obstacles in the way of my seeing the prisoners and examining every part of their habitation, but have always attended in the most courteous spirit to any suggestions or requests I made on behalf of my countrymen.

I have, &c.
(Signed) EDWARD MARCH.

No. 13.

Mr. St. John to the Earl of Derby.—(Received October 16.)

My Lord, *Lima, September 11, 1875.*

I HAVE the honour to inform your Lordship that the prisoner William Mitchell, accused of arson, referred to in my despatch of August 24, has at length been set at liberty. He is the last of those whom on my arrival I found in prison accused of criminal offences. It shows the system of procedure followed in this country, that these four men could be kept in prison for terms varying from two years to ten months, and then be discharged for want of proof of their criminality. Had I not called the Secretary of State's attention to these cases on the average once a week, it is probable that these men would be still in prison.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 14.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, October 21, 1875.*

Telegraph result of the communication you were instructed to make by my despatch of the 7th ultimo, and inform Peruvian Government that you have orders to do so, and that the case of the crew of the "Talisman" creates strong feeling in England.

No. 15.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, October 21, 1875.*

I INCLOSE for your information a copy of a letter I have received from Mr. J. King* respecting the health of his son, one of the officers of the "Talisman," who is now in prison at Callao.

I am, &c.
(Signed) DERBY.

No. 16.

Mr. St. John to the Earl of Derby.—(Received October 30.)

My Lord, *Lima, September 27, 1875.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 3rd July, respecting the delay in the trial of the crew of the "Talisman." I did not officially communicate this despatch to the Secretary of State as it appeared to me that the Government were using their best efforts to urge the judges to hasten their decision, and it also struck me that the more I interfered to prevent unnecessary delay, the more determined were the judges not to deliver their sentence.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 17.

Mr. St. John to the Earl of Derby.—(Received October 30.)

My Lord, *Lima, September 27, 1875.*

I HAVE the honour to report to your Lordship that the Court of Appeal on the 21st instant gave judgment in the case of the "Talisman," sustaining the sentence

* No. 11.

of the Inferior Court as far as it related to the condemnation of the ship and cargo, but disallowing that which related to the crew. The captain, officers, and men are placed at the disposal of the Government. This sentence will have to be revised by the Supreme Court.

On the 25th instant I obtained a copy of the judgment, and I determined to make a personal appeal to his Excellency the President in favour of the crew. I am happy to say that I partially succeeded. His Excellency after reading the sentence stated that the Government could not pass over the conduct of the captain, chief officer, and chief engineer, but that he would accede to my request as far as concerned the rest of the officers and the men, and that they should be set at liberty as soon as certain formalities had been fulfilled. I inquired whether I might communicate officially this decision to Her Majesty's Government, and the President answered "Certainly."

I did not press the matter as regards the master and the two officers excepted, as I saw that for the present it would be useless; but as soon as the others are at liberty, I will endeavour to obtain at least the release of the two officers.

When the affair is concluded I will forward certain official documents to your Lordship.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 18.

Consul March to the Earl of Derby.—(*Received October* 30.)

My Lord, *Callao, September* 27, 1875.

I BEG leave to transmit to your Lordship the inclosed letter from the Board of Trade Medical Inspector at Callao, relative to the imprisoned crew of the "Talisman."

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 18.

Mr. Watson to Consul March.

Sir, *Callao, September* 2, 1875.

CONFORMABLY with your request, I have again visited the prisoners (the officers and crew of the steam-ship "Talisman") at the Casa Matas Prison, and have prescribed the necessary medicines for those that were complaining, which medicines have been supplied.

Davis, the cook, appears a little strange in his manner, and his fellow prisoners seem to think he is not quite sane, but as far as I had opportunity for judging, I cannot agree with them. I, however, shall visit him again shortly, and will report to you thereupon.

King, the mate, complains of his toe, and has some slight irritability about the throat, and is anxious to get to the hospital, but his case does not require hospital treatment; and as there is a medical man who daily visits the prison and has charge of the sick, it is a delicate matter to interfere, unless a case is urgent, when the authorities have always granted my request to send such cases to the hospital, which has repeatedly happened during the time that the crew of the "Talisman" has been under arrest.

You will readily understand how welcome any change must be to prisoners in a foreign country and in a common gaol,—thus the desire they would naturally express to be removed to a hospital for the most trivial sickness; while you cannot fail to discover that I, as Medical Officer to a foreign Government, having no authority to demand anything at the hands of the medical staff of the prison, am obliged to abstain from a too frequent trespass upon their courtesy in favour of those whose sickness is trivial, or at most, certainly not of a nature demanding hospital care.

The constant complaints from the prisoners in regard to lodging and food might, perhaps, in England have some claim to an inquiry, but in this country it is such as is accorded to men belonging to the better ranks of life when in the same unfortunate

circumstances; and, although uncomfortable, and probably unpalatable, is, as far as I am a judge, and I have carefully examined the same, wholesome and clean.

I, therefore, in reply to your inquiries, must say the prisoners have little cause for complaint in the matters of medical care, food, or lodging.

I have, &c.

(Signed) JAS. J. WATSON,

Medical Inspector for the Board of Trade, Callao.

No. 19.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, November* 1, 1875.

HAVE the "Talisman" crew been set at liberty? Telegraph answer.

No. 20.

Consul March to the Earl of Derby.—(Received November 7.)

(Telegraphic.) *Lima, November* 5, 1875, 10·50 A.M.

PRESIDENT promises release crew when Court Appeal pronounces sentence; this daily expected; will telegraph release.

No. 21.

Mr. St. John to the Earl of Derby.—(Received November 13.)

My Lord, *Lima, October* 11, 1875.

IN my despatch of September 27, 1875, I informed your Lordship that his Excellency the President has decided to set the crew of the "Talisman" at liberty, with the exception of the master and two others. I am informed that the order to that effect had actually been signed, when the master, through his Advocate, appealed against the sentence, and the Government declare that, until the appeal be decided, they cannot legally liberate the crew; but that, should the sentence of the Superior Court be confirmed, the crew shall be set at liberty on the condition of quitting the country immediately. The men are endeavouring to persuade the master to withdraw the appeal, but I fear that his obstinate character will induce him to persevere.

I have, &c.

(Signed) SPENSER ST. JOHN.

No. 22.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, November* 16, 1875.

I HAVE received your despatches of the 27th September, relative to the case of the crew of the "Talisman."

In reply to your despatch of the 27th September,* I have to state to you that, in the circumstances explained therein, I approve your having abstained from communicating officially to the Peruvian Government my despatch of July 3.

From your further despatch of the 27th September,† it appears that the Captain, officers, and crew of the "Talisman" had been placed, by a judgment of the Court of Appeal, at the disposal of the Government, and that the President had promised you that—although the conduct of the Captain, chief officer, and chief engineer would not be passed over—the rest of the officers and the crew should be set at liberty as soon as certain formalities had been fulfilled.

I have not yet heard from you whether the promise of his Excellencyhas been carried out, but, on the supposition that it has, I have to instruct you to thank his Excellency

* No. 16. † No. 17.

personally for the goodwill shown by him in promising to release the men in question as soon as they were placed at his disposal.

If, as I hope, the men have been released, you will probably have abstained from acting upon my despatch of the 7th of September, and it will be unnecessary for you to do so now. You will, however, communicate confidentially to the President the instructions contained therein, and you will say to his Excellency that, although it is happily no longer necessary for you to act upon those instructions, you have been directed to communicate them to him confidentially in order to show him the danger to which the friendly relations between Great Britain and Peru may be exposed, by the lengthened detention of British subjects in Peru without trial.

You will also express strongly to the President the hope of Her Majesty's Government that the case of the officers still under detention may be decided upon, and without delay; and that, in the event of their being considered liable to punishment, the long imprisonment they have undergone may be taken into consideration.

I am unwilling to suppose that the President has failed to carry out his promise that the inferior officers and crew should be released—but if such should, unhappily, be the case, it will then be your duty to act upon my despatch of the 7th of September, and to remonstrate in the strongest terms against the prolonged detention of these men.

I am, &c.
(Signed) DERBY.

Since writing the above, I have received your telegram of November 5, from which it appears that the crew of the "Talisman" had not been released up to that date, and I have to express to you the very great regret with which I have received this intelligence.

D.

No. 23.

Consul March to the Earl of Derby.—(*Received November* 21.)

(Telegraphic.) *Lima, November* 17, 1875.

"TALISMAN" crew released; home January. Captain Sibley King imprisoned.

No. 24

Mr. St. John to the Earl of Derby.—(*Received November* 29.)

My Lord, *Lima, October* 23, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of September 7, 1875, on the subject of the continued detention, without trial, of the British subjects taken on board the "Talisman," and now in prison in Callao.

I went last night to see his Excellency the President, and he again gave me his word that the crew should be released immediately if the Supreme Court confirmed the sentence of the Superior Court.

In conversing with the Secretary of State for Foreign Affairs on this subject, he reminded me that from the month of April last to the present date, the delays have been entirely caused by the action of the defence, and this is undoubtedly true, though most of the men have nothing to do with the appeals.

It is expected that the Supreme Court will give its decision either to-day or early next week.

Under these circumstances, I have thought it unnecessary to communicate your Lordship's despatch to the Government, but if any further delay on the part of the authorities take place I will do so.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 25.

Consul March to the Earl of Derby.—(*Received November* 29.)

My Lord, *Callao, October* 28, 1875.

IN the absence of Mr. S. St. John, who embarked at Callao on the 23rd instant for Bolivia, I have the honour to report that your Lordship's telegram, dated October 21st, reached Lima on the 26th.

The archives of the Legation not having been left in my charge, I am unable to refer to the despatch quoted by your Lordship, but under the supposition that it related to the case of the "Talisman," I immediately called upon the Peruvian Minister for Foreign Affairs to ascertain whether, since the departure of Mr. St. John, he had anything new to communicate upon the subject. He said he had heard nothing further in the matter, and that if I would call on the following day he would be in a position to give me more definite information. I did so, and Señor La Torre then told me that he was momentarily expecting the decision of the Supreme Court, and that if it confirmed the one given by the Lower Court, the crew of the "Talisman" would be immediately set at liberty, otherwise the Government would be guided in their further action by the terms of that new verdict.

From other sources I learn that the hearing of this last appeal has been somewhat delayed by two of the judges declining, from motives of delicacy or conscience, to take part in the proceedings, but that, notwithstanding, the final decision will be given in the course of ten or twelve days.

Having ascertained these matters, I telegraphed your Lordship's message to Mr. St. John, who had not yet landed at Islay, so that he might satisfy your Lordship on that portion of his proceedings, of which I was necessarily in ignorance.

I have, &c.
(Signed) EDWARD MARCH.

No. 26.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, December* 2, 1875.

I HAVE received your despatch of the 23rd of October, and have to state to you that, under the circumstances therein reported, I approve your having deferred acting on my despatch of September 7, in regard to the case of the "Talisman."

I am, &c.
(Signed) DERBY.

No. 27.

The Earl of Derby to Mr. March.

Sir, *Foreign Office, December* 4, 1875.

I HAVE received your despatch of the 28th of October last, and I have to acquaint you, in reply, that I approve your proceedings on behalf of the crew of the "Talisman," as therein reported.

I am, &c.
(Signed) DERBY.

No. 28.

Consul March to the Earl of Derby.—(*Received December* 14.)

My Lord, *Callao, November* 10, 1875.

IN the absence of Mr. St. John in Bolivia, I beg leave to confirm the telegram I addressed to your Lordship on the 5th instant, in reply to the one I received on that

day concerning the crew of the "Talisman." My message was worded as follows:— "President promises release crew when Court Appeal pronounces sentence. This daily expected. Will telegraph release."

I have now the honour to report to your Lordship that the Appeal has been heard, and that I am momentarily expecting a communication from Señor La Torre, acquainting me with the result.

I have, &c.
(Signed) EDWARD MARCH.

No. 29.

Consul March to the Earl of Derby.—(*Received December* 14.)

My Lord, *Callao, November* 12, 1875.

WITH reference to previous correspondence on the subject of the crew of the "Talisman" imprisoned at Callao, I have the honour to inclose (in original) a further report from the Medical Inspector of the Board of Trade relative to the condition of those men.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 29.

Mr. Watson to Consul March.

Sir, *Callao, November* 11, 1875.

I HAVE the honour to inform you that, agreeably with your request, I this day visited the prisoners, the former crew of the steam-ship "Talisman." I examined and prescribed for Lewis Davis, the cook, and William Ross, A.B., and directed the druggist to send the medicine to the prison, and charge the cost of the same to the British Consulate.

I also conversed with the second mate, a Mr. King, and learnt from him that he was in good health, and that all the prisoners received a most liberal supply of food from one of the restaurants in the city, provided at the expense of some of the mechanics and engineers of the different steam companies in Callao.

From Captain Haddock I afterwards learnt that only the officers and some six others enjoyed the above-named plentiful supply of food, but that all received enough for their several necessities.

I have, &c.
(Signed) JAS. J. WATSON,
Medical Inspector for the Board of Trade, Callao.

No. 30.

Consul March to the Earl of Derby.—(*Received December* 14.)

My Lord, *Callao, November* 14, 1875.

I HAVE the honour to inclose a copy and translation of a letter I received last night from the Peruvian Minister for Foreign Affairs, by which your Lordship will see that the Supreme Court have confirmed the sentence pronounced by the Lower Court in the case of the "Talisman," and decided that the ship is a good prize, and that the crew, exclusive of the master and officers, who are to be placed on their trial, are to be released.

Notwithstanding its being Sunday, I will endeavour to have the men set at liberty at once. The mail steamer being on the point of departure, I am unable to communicate further by this opportunity.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 30.

Señor de la Torre to Consul March.

(Translation.)

My very esteemed Friend, *Lima, November* 13, 1875.

I HAVE just learned that the Supreme Court has to-day given judgment in the case of the "Talisman," confirming the sentence which declares the ship a good prize, and ordering the criminal trial to be continued against the captain and the mates, and that the rest of the crew be placed at liberty.

Yours, &c.

(Signed) A. V. DE LA TORRE.

No. 31.

Mr. St. John to the Earl of Derby.—(*Received December* 14.)

My Lord, *Lima, October* 19, 1875.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of August 18, 1875, with an inclosure from Mr. Blair, which, having been sent viâ the Straits of Magellan, only reached me yesterday.

Mr. Blair states that he has heard from his son, and has also seen an account published by Mr. Ross, a brother of one of the prisoners, that the crew of the "Talisman" are inhumanly treated by the Peruvian Government, but he does not state in what that inhumanity consists.

If the crew be inhumanly treated, they have never on any occasion made a complaint to me on the subject, either by letter or during the three visits I have paid them. I inclose six letters from different members of the crew, and all the others that I have received have been in the same strain.

As I have before observed, the casemates in which the prisoners are confined are very gloomy, and have lately been unequivocally condemned by one of the principal Judges; but although totally unfit to be used as a gaol, I do not think that the prisoners would be more content in an ordinary prison, where there would be much more restraint.

I do not understand what the crew of the "Talisman" expect the Consul at Callao to do for them. Any complaint addressed to him would be forwarded to me, and by me to the Government, but no complaint, as I have before observed, has reached me, except the constant complaint that they are unjustly detained in prison.

I have, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 31.

Mr. Sibley to Mr. St. John.

Dear Sir, *Casa Matas, July* 7, 1875.

I DULY received your reply of the 19th June, through Mr. March, and he then informed me he had taken the advice of a lawyer; that the new trial would not detain (or be any impediment to) us with reference to our trial; that we should probably have our liberty in about twenty days.

Very different from your letter. I asked him, was the lawyer his best authority? He did not know of anyone who was able to give better information; at the same time gave me to understand I was not to take it for gospel.

We heard it verified on the 27th June, and again last Sunday, so are only too glad to hope it may be true this time.

It's only natural that I, as well as the rest of the crew, are most anxious to have something definite known, as the suspense, and the many versions we have heard and are hearing, raise false hopes, to leave us in a worse state when the time comes, to find we are still detained and some other false statement circulated.

Will you kindly inform us when the trial of the ship and cargo will finish? how long after before our trial will come on? and when, if acquitted, we may expect our release? also to whom we are to look for payment of our wages, and compensation for

loss of clothes, &c. The latter question I asked in my last, but your reply did not refer to it.

Apologizing for troubling you, and hoping you will favour us with a reply at your earliest convenience.

I am, &c.
(Signed) HENRY SIBLEY,
Late Mate, "Talisman."

Inclosure 2 in No. 31.

Mr. Haddock to Mr. St. John.

Sir, *St. Bartholomew Hospital, Lima, July* 15, 1875.

WOULD your Excellency be kind enough to inform the bearer, Mr. Sangster, if there is any likelihood of my being released from this imprisonment, which has lasted nearly nine months, or if there is any objection to my being let out on bail.

I am, &c.
(Signed) G. B. HADDOCK,
Master, steam-ship "Talisman."

Inclosure 3 in No. 31.

Mr. Roberts to Mr. St. John.

Honoured Sir, *Casas Matas, August* 18, 1875.

I TAKE the pleasure in writing to you, hoping that you will do your endeavour and give us what information you can about our case, when you think that it is likely to be terminated.

Yours, &c.
(Signed) ALEX. ROBERTS,
Late Chief Engineer, steam-ship "Talisman."

Inclosure 4 in No. 31.

Mr. Roberts to Mr. St. John.

Honoured Sir, *Casas Matas, September* 28, 1875.

I AM very much surprised to see the letter that you have sent to the Chief Officer, which I see that I am to be kept after the crew. I think it very strange after I have been told by Mr. March that he had no fault to find with me. I would like to know what I am charged with any more nor any of the crew, so as I will have a chance to defend myself, you will oblige.

I am, &c.
(Signed) ALEXR. ROBERTS.

Inclosure 5 in No. 31.

Mr. King to Mr. St. John.

Sir, *Casas Matas, October* 3, 1875.

WE have been waiting our release, as we all thought, after what you said in the presence of the Captain and 1st mate, that the appeal would be withdrawn, as the Captain had not authorized or signed it.

Should be very thankful for any information, and if you will kindly tell us if the case is to proceed in the Supreme Court or not, as we are most anxious to know our fate.

Trusting you will reply at your earliest convenience, We are, &c.

(For the crew),
(Signed) JOHN KING.

Inclosure 6 in No. 31.

Mr. King to Mr. St. John.

Sir, *Casas Matas, October* 6, 1875.

WE have been waiting for a reply to our letter of the 3rd, as from common humanity we ought to have been let know before this time whether you had succeeded in stopping the appeal; or, if we are to be detained for another trial, if you would kindly let us know by whose instructions it has been lodged, as the Captain still denies it.

Trusting you will reply at your earliest convenience, We are, &c.

(For the crew of the steam-ship "Talisman,")

(Signed) JOHN KING, *late 2nd Mate.*

Inclosure 7 in No. 31.

Mr. King to Mr. St. John.

Sir, *Casas Matas, October* 10, 1875.

WE have just had an interview with Captain Haddock, and we can make nothing of him, as he still says that he has nothing at all to do with the Appeal, and that he never gave Mr. Fernandes any authority to put it in; but he will not give us a letter to that effect, and that the ship has been condemned in the Supreme Court, and that is the third time that she has been condemned; and that the Peruvian Minister has either been deceiving you, or you are deceiving us by writing such a letter. So you judge what persuasion will do with such a man. I suppose we will have to await the Peruvians' pleasure.

Yours, &c.

(For the crew of late steamer "Talisman.")

(Signed) JOHN KING.

No. 32.

Consul March to the Earl of Derby.—(*Received January* 17, 1876.)

My Lord, *Callao, November* 23, 1875.

On the 17th instant, I did myself the honour of addressing to your Lordship a telegram worded as follows:—

"'Talisman' crew released. Home [in] January. Captain Sibley [and] King [still] imprisoned."

I have now the satisfaction of reporting to your Lordship that I have this day shipped these eighteen distressed British seamen in the Pacific Steam Navigation Company's steamer "Britannia," which is due at Liverpool on the 20th of January next.

The master and the two mates have been committed for trial.

I have, &c.

(Signed) EDWARD MARCH.

No. 33.

Consul March to the Earl of Derby.—(*Received January* 17, 1876.)

My Lord, *Callao, December* 4, 1875.

ON the 23rd ultimo I did myself the honour of addressing a despatch to your Lordship, confirming the telegram in which I announced the release of the crew of the "Talisman," and the commitment for trial of the master and the two mates. Though several weeks have now elapsed since the Supreme Court delivered judgment, I regret to state that the examination of the accused has not yet commenced. I called on the President on the morning of the 2nd instant, and represented to him, in a friendly

manner, the hardship and injustice of detaining these British subjects, imprisoned under such circumstances; pointing out at the same time that a proceeding of this nature appeared to be a violation of the Constitution of Peru, and a breach of the law which the Penal Code describes as an abuse of authority, and renders punishable accordingly. I added that I feared, if this state of things continued, it would result in strong remonstrances from Her Majesty's Government. His Excellency expressed surprise at the delay in the trial, and promised to see into the matter.

Yesterday I visited the Minister of Foreign Affairs on the same subject, but lacking as I do a representative character, and Her Majesty's Minister being on duty in Bolivia, my statements were regarded as entirely private. Under the circumstances, I deemed it prudent not to continue the conversation, and to reserve the subject matter of it for a written communication to the subordinate authorities at Callao in the event of the prisoners' trial not commencing within a few days.

I have, &c.
(Signed) EDWARD MARCH.

No. 34.

Consul March to the Earl of Derby.—(*Received January* 17, 1876.)

My Lord, *Callao, December* 9, 1875.

I HAVE the honour to transmit the inclosed report from the Medical Inspector of the Board of Trade at Callao on the condition of Mr. Haddock and Mr. King, late of the steamer "Talisman," and now in prison. Your Lordship will see that Mr. King, though somewhat sick, refuses the offer of being removed to the prison ward of the hospital.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 34.

Dr. Watson to Consul March.

Office of the Medical Inspector for the Board of Trade,
Sir, *Callao, December* 9, 1875.

AGREEABLY with your request I visited a prisoner in the Casa Matas Prison named José Carlos, and prescribed the necessary medicine for him; I also visited and prescribed for Captain Haddock and Mr. King, the former the master, and the latter the 2nd mate, of the steam ship "Talisman." Mr. King, the 2nd mate, although not very sick, looks very careworn and depressed, and in other respects is evidently suffering from the effects of long confinement and anxiety, but as he has sufficient means to procure all he requires, he did not wish to be removed to the prison ward of the hospital, I therefore sent him the medicine he needed, which he stated was all he desired.

I have, &c.
(Signed) JAS. J. WATSON.

No. 35.

Consul March to the Earl of Derby.—(*Received January* 17, 1876.)

My Lord, *Callao, December* 12, 1875.

IN consequence of the continuance of the delay in the trial of the master and mates of the "Talisman," as already reported to your Lordship, I deemed it my duty to address a communication on the subject to the Prefect at Callao, a copy of which I have the honour to inclose.

I have now the satisfaction of reporting to your Lordship that the Judge has proceeded to the prison and is dealing with the case.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 35.

Consul March to the Prefect of Callao.

Sir, *Callao, December* 8, 1875.

IT is with extreme regret that I find myself under the unavoidable necessity of requesting your attention to the serious fact that although twenty-five days have now elapsed since the Supreme Court gave judgment in the case of the "Talisman," and committed the master and the two mates for trial, the examination of these unfortunate men has not yet commenced. I must take leave to protest against so grievous a proceeding. These persons have been in prison upwards of one year awaiting their trial; their health has been seriously impaired, and their moral condition is becoming lamentable, by the suspense in which they are kept and the hardships which they have suffered.

Article 18 of the Constitution of Peru requires that any arrested person shall under any circumstances, be placed at the disposal of the judge within twenty-four hours, and the Penal Code, by paragraph 6, article 168, renders punishable as an abuse of authority, the detention without trial of any accused individual beyond those twenty-four hours. Article XVI of the Treaty existing between Peru and the United States of America states: "No citizen of either Republic shall be imprisoned without a warrant of imprisonment, except in cases of *en fragante delito*, and in every case he will be brought before a Judge or other judicial authority within twenty-four hours from the time of his arrest, and if, within that period, his declarations have not been taken, he will immediately be placed at liberty."

I pray you to give this matter the attention it deserves, and to accept the assurance of the great consideration with which I have the honour to subscribe myself, &c.

(Signed) EDWARD MARCH.

No. 36.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, January* 21, 1876.

I HAVE received Mr. March's despatches of the 4th and 12th ultimo, and I have to state to you in reply, that I approve the steps taken by him as reported therein, to hasten the trial of the master and mates of the "Talisman."

I am, &c.

(Signed) DERBY.

No. 37.

Mr. St. John to the Earl of Derby.—(Received February 19.)

(Extract.) *Lima, January* 12, 1876.

THE evening before my departure for Bolivia I saw the President of Peru, and as I reported in despatch of October 23rd, 1875, his Excellency renewed his promise to set the crew of the "Talisman" at liberty should the last Court of Appeal confirm the decision of the Superior Court. I did not doubt for an instant that his Excellency would keep his word, and therefore left no further directions with Mr. March than to ship the men to England the moment they were set at liberty. Though the decision of the Court of Appeal was delayed beyond the time that the advocate for the defence expected, yet the moment it was given, the President ordered the crew to be discharged from prison, and Mr. March shipped them for England, where it is probable they have already arrived.

In Peru the feeling against the officers and men of the "Talisman" was very strong; and naturally so, when it is remembered the hundreds of lives which were lost, the millions of dollars expended, and how the short but fierce civil war lowered the credit of the nation. And all these misfortunes, the Peruvians said, brought upon the country by a vessel sailing under the English flag, and manned by an English crew. The feverish excitement produced by this expedition has not yet subsided, and constant revolutionary movements take place in the south; two attempts even within the last week.

This strong feeling on the part of the Peruvians on the subject of the expedition of the "Talisman" does not excuse the great delays which have taken place in ending the trial, though they have probably been very favourable to the crew, who early last year would, if tried, have been most probably all condemned.

The trial of the three officers of the "Talisman" appears to make but slow progress, the Secretary of State for Foreign Affairs answering every remonstrance by the stereotyped reply that the executive cannot interfere with the judicial power.

PERU. No. 1 (1876).

FURTHER CORRESPONDENCE respecting the Imprisonment of British Subjects in Peru.

Presented to the House of Lords by Command of Her Majesty. 1876.

LONDON:
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PERU. No. 2 (1876).

FURTHER CORRESPONDENCE

RESPECTING THE

IMPRISONMENT OF BRITISH SUBJECTS

IN

PERU.

(In continuation of "Peru No. 1, 1876.")

Presented to the House of Commons by Command of Her Majesty, in pursuance of their Address dated July 19, 1875.

LONDON:
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RETURN to an Address of the Honourable the House of Commons, dated July 19, 1875;
for—

"Copy or Extracts of Correspondence and Despatches relative to the Imprisonment of British Subjects in Peru since the year 1872, inclusive, addressed to and received from the Representatives of Her Majesty in that country."

No. 1.

Mr. St. John to the Earl of Derby.—(*Received February* 19.)

My Lord, *Lima, January* 12, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of November 16, 1875,* directing me to communicate to the President the instructions contained in despatch of September 7, 1875.†

I saw his Excellency by appointment last evening, and communicated my instructions confidentially to him; he paid the greatest attention to the subject, and appeared deeply moved. He after a pause said: "I must beg you to transmit to Lord Derby, word for word, my opinion of this communication, and that is: that it is very discourteous ("muy poco cortes") both to myself, personally, and to my Government, after the steps we have taken to free the men. Had such a ship been captured landing an armed expedition on the British coast, the whole of the crew would have been hung up at the yard-arm."

I told his Excellency I thought he was mistaken in the views he had expressed; that there was no discourtesy intended, that it was to show him to what dangers our friendly relations were exposed by the long and unnecessary detention of untried British subjects in Peruvian prisons, and that the despatch did not only refer to the crew of the "Talisman," but to such cases as that of the man Morris, who had been kept twenty-five months in prison on a charge of murder, and at the end of that time had been declared innocent.

His Excellency replied that the delays of the old Spanish procedure unfortunately clung to their system; that he had endeavoured to persuade three Congresses to reform the Courts but without success, and that much of the delay in the affair of the "Talisman" arose from the prisoners themselves, who had appealed from Court to Court, and whose advocate had interposed to create further delays. This is, no doubt, partly true in the "Talisman" case, but not in those of other British prisoners who have been kept from ten months to two years before their innocence has been acknowledged.

His Excellency promised to do his best to expedite the trial of the three officers of the "Talisman," but before I left he reiterated his impression that he had been treated with want of courtesy, not in the manner in which the communication had been made, but in the substance of the communication itself. This irritation may soon pass away, but the impression produced by the opinion expressed by Her Majesty's Government will probably be more permanent, and will have, I hope, a lasting effect on the conduct of the Peruvian authorities.

I have, &c.
(Signed) SPENSER ST. JOHN.

P.S.—Since writing the above, I have received a private letter from the Secretary of State for Foreign Affairs, to which I have replied. I inclose copies of both. Should this irritation cause the prisoners to be detained much longer without trial, I will again bring the subject officially before the Peruvian Government, and remonstrate strongly against the injustice of their conduct.

S. S. J.

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* See "Peru No. 1 (1876)," page 8. † Ibid. page 2.

Inclosure 1 in No. 1.

Señor de la Torre to Mr. St. John.

(Translation.)
(Private.)

My esteemed Mr. St. John, *Lima, January* 12, 1876.

ALTHOUGH his Excellency the President, in the conference which you requested him to grant you, expressed last night his opinion relative to the injustice, inopportunity, and discourtesy of the document which you read to him by order of your Government, respecting the trial of the crew of the "Talisman," he has charged me to inform you that this circumstance will prevent him from continuing to exercise, as he did before at your request, and in so far as the limit of his functions allowed, his personal action in favour of the crew of the "Talisman," and that in future he will feel obliged by your treating through the Minister of Foreign Affairs, all matters which, in the opinion of the British Government, ought to be treated by my Government in favour of those (British) subjects.

(Signed) A. V. DE LA TORRE.

Inclosure 2 in No. 1.

Mr. St. John to Señor de la Torre.

My dear M. de la Torre, *Lima, January* 12, 1876.

I HAVE to acknowledge the receipt of your note of this day's date. I think that on further consideration his Excellency will take a different view of the communication which I was instructed by Her Majesty's Government confidentially to make to him, and that he will not withdraw his promise to use his personal influence to expedite the trial of the three officers of the "Talisman," now in prison in Callao. You must remember that they have been fifteen months in *casas matas.*

With regard to any future personal communications with his Excellency the President, you must not forget that I have to obey the orders of my Government, and if I receive orders to communicate an opinion of Her Majesty's Government personally to his Excellency, I must apply for an interview, and it is for his Excellency to accord or refuse it, as it may appear to him expedient.

I am, &c.
(Signed) SPENSER ST. JOHN.

No. 2.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, February* 23, 1876.

I HAVE received your despatch of the 12th ultimo, in which you report having communicated confidentially to his Excellency the President of Peru the instructions contained in my despatch of September 7, 1875, and the conversation which ensued between you and his Excellency.

In reply I have to state to you that I approve your language to the President, and also your note to the Peruvian Minister for Foreign Affairs, copy of which was inclosed in your above-mentioned despatch.

I am, &c.
(Signed) DERBY.

No. 3.

Mr. St. John to the Earl of Derby.—(Received March 1.)

My Lord, *Lima, January* 27, 1876.

IN my despatch of January 12, I reported to your Lordship my intention to remonstrate with the Peruvian Government, if the master and officers of the "Talisman" were not immediately brought to trial. I have commenced the corre-

spondence, and if I obtain no result from my first letter I will push the Government as far as my instructions permit. I regret to have to say that it appears to me that the Government of President Pardo will do nothing to terminate this affair without the strongest pressure.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 4.

Mr. MacIver, M.P., to Mr. Bourke.—(Received March 4.)

My dear Sir, 25, *Ennismore Gardens, S.W., March* 3, 1876.

THE inclosed letter in regard to John King, second officer of the "Talisman," who is still in prison at Callao, "tells its own story." I have no wish to trouble you needlessly in this or in any other matter, but knowing something of King, and believing him to be a respectable man, I think it is my duty to send you the inclosed. I am sure you will help him if you can.

Yours very sincerely,
(Signed) DAVID MacIVER.

Inclosure in No. 4.

Mrs. King to Mr. MacIver, M.P.

18, *Rosalind Street, Stanley Road, Bootle, near Liverpool, March* 1876.

Sir,

PARDON the liberty of writing you, but having heard the kind interest you have taken in some of the crew of the "Talisman," I would humbly ask you to use your influence in the case of my son John King, second officer of that ship, who was and is still a prisoner in Callao for one year and three months.

In consideration of his having been in the Cunard service for several years, and only left to better himself by getting a second mate's certificate, and on leaving, Captain McMichen gave him a written character, having made seventeen voyages to New York in the "Calabria," while his brother was second officer of said vessel.

John also sailed quarter-master in the "Abyssinia" for two years under Captain Hains, and was appointed by that gentleman Chief Officer of the derelict ship "Richard Robinson." Trusting you will give this matter your kind consideration,

I am, &c.
(Signed) JANE KING.

No. 5.

Mr. King to the Earl of Derby.—(Received March 9.)

My Lord, 18, *Rosalind Street, Stanley Road, Liverpool, March* 8, 1876.

NOW, after a lapse of four months since I last wrote, how is it that, after all the promises from the Foreign Office, viz., that you were doing all in your power to hasten the trial, so as to obtain our son John's release, and now, after being sixteen months in gaol, to all appearance they are now as near trial as when taken?

You will see from the inclosed that he was promised his liberty, and that the Captain, mate, and engineer was to be kept.

Now, we believe that the cause of his detention is because he complained of the indifference shown to their case by the Consul for Foreign Affairs. Now, I trust that your Lordship will move in the matter at once, so that our son may be set at liberty.

I remain, &c.
(Signed) JOHN KING.

Inclosure 1 in No. 5.

Mr. St. John to Mr. John King.

Sir, *Lima, October* 6, 1875.

I HAVE just received your note of the 3rd instant. The appeal has not been withdrawn, therefore the Government decline to liberate you until the court has decided the case; however, the Government have written to-day, that should the sentence be confirmed, you will be set at liberty. In the meantime I am endeavouring to obtain the liberty of all, on condition that the appeal be withdrawn, and the sentence left undisturbed. Be good enough to mention this to Mr. Sibley and Mr. Roberts. In the meantime the crew may feel tolerably certain that the Government will not put them on trial. Directly I learn anything I will let you know.

Yours, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 2 in No. 5.

Mr. St. John to Mr. John King.

Sir, *Lima, October* 8, 1875.

YOUR letters are always answered as soon as received in this legation. Captain Haddock has not authorized Mr. Fernandes to withdraw the appeal to the Supreme Court. I saw the Minister yesterday, and he informs me that the Government are decided to bring those to trial, but that if the appeal be withdrawn, or if the Supreme Court confirm the sentence, you will be set at liberty on the one condition of leaving the country by the first chance. If you want your immediate liberty, you must persuade Captain Haddock to withdraw the appeal which has been made in his name, and under genuine authority from him to Mr. Fernandes to defend the cause of the ship.

I am, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 3 in No. 5.

Mr. St. John to Mr. John King.

Sir, *Lima, October* 23, 1875.

I SAW the President last night, on the subject of your continued detention in prison without trial; and the President gave me his word, that if the Supreme Court confirmed the sentence of the Superior Court, you should immediately be set at liberty.

The Secretary of State, who remarked yesterday, that your detention in prison since April has been entirely caused by the action of the defence. Mr. Fernandes informs me the Supreme Court will give its sentence either to-day or early next week.

As I am leaving to-day for Bolivia, please in future address your letters Mr. Consul March, Callao.

Yours, &c.

(Signed) SPENSER ST. JOHN.

No. 6.

Lord Tenterden to Mr. St. John.

(Telegraphic.) *Foreign Office, March* 11, 1876, 5·30 P.M.

WHAT progress has been made in trial of officers of "Talisman"? Answer by telegraph.

No. 7.

Lord Tenterden to Mr. King.

Sir, *Foreign Office, March* 14, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 8th instant, relative to the continued detention in Peru of your son, Mr. John King, late second mate of the "Talisman."

In reply I am to point out to you that the letters from Her Majesty's Ministers at Lima, of which you inclose copies, were answers to letters written by your son "for the crew," and that their meaning was that the Peruvian Government had promised to release the crew with certain exceptions. This promise, as you are aware, has since been fulfilled, and considering the circumstances in which the "Talisman" was captured, Lord Derby is of opinion that Her Majesty's Government would not be justified in objecting to the Peruvian Government bringing to trial such of the officers of that vessel as they may suppose to have had a guilty knowledge of the nature of the enterprise in which they were engaged.

Her Majesty's Minister at Lima has addressed frequent remonstrances to the Peruvian Government against the delays which have taken place in the matter. It appears from his last despatch upon the subject that the trial of the three officers still detained is going on, though slowly, and he has done, and will continue to do, all he can to hasten its progress. He has been instructed by telegraph to report what progress has been made.

Mr. Spenser St. John will also be instructed to point out to the Peruvian Government that your son was not one of the officers whom they originally contemplated detaining after the release of the crew, and to express the hope that this fact, and that of your son's long detention in prison before being brought to trial, may be borne in mind in his favour.

I am, &c.
(Signed) TENTERDEN.

No. 8.

Lord Tenterden to Mr. Mac Iver, M.P.

Sir, *Foreign Office, March* 14, 1876.

WITH reference to your letter of the 3rd instant, I am directed by the Earl of Derby to transmit to you the accompanying copy of a letter which has been addressed to Mr. John King, by his Lordship's directions, relative to the case of his son, late second mate of the "Talisman," who is now detained in Peru.*

This letter will explain to you the state of the case, and the action of Her Majesty's Government with regard thereto.

I am, &c.
(Signed) TENTERDEN.

No. 9.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, March* 14, 1876.

I INCLOSE herewith copy of a letter from Mr. John King, and of the answer I have caused to be returned thereto,† relative to the case of his son, late second mate of the "Talisman," who is one of the three officers of that vessel still detained in Peru.

I do not doubt that you have done all that you properly can to hasten the trial of the three officers in question, and if the proceedings have not been concluded when this despatch reaches you, you will continue to use your best efforts on their behalf.

I have already instructed you to express the hope of Her Majesty's Government that the long imprisonment undergone by these men before trial may be borne in mind by the Peruvian Government in their favour; and I have now to desire that you will point out, as an additional argument for the favourable consideration of King's case,

* No. 7. † Nos. 5 and 7.

that he was not one of the three officers whom the Peruvian Government at first contemplated detaining after the release of the crew.

I am, &c.
(Signed) DERBY.

No. 10.

Mr. St. John to the Earl of Derby.—(Received March 16.)

My Lord, *Lima, February 12, 1876.*

I HAVE the honour to forward to your Lordship the copy of a correspondence which has passed between the Secretary of State and myself on the subject of the trial of the officers of the "Talisman."

From the inquiries I made, I found that in reality nothing was being done to expedite the trial; that the Judge declared he had been waiting nearly two months for some depositions from Pacasmayo—a town within at most two days' steaming from the capital; and that the authorities, although conforming to the law, could prolong the trial at their pleasure. I therefore thought that as the Peruvian Government would pay no attention to private expostulations, I would officially remonstrate against the vexatious and unnecessary delays in the trial of these three British subjects, and I will continue to remonstrate until I see that a real effort is made to conclude the trial.

The Secretary of State protests against my using the words "unnecessary and vexatious delays," but there can be no doubt that the trial would have been long ago terminated had the authorities used the least diligence in the matter.

I will not stop the correspondence I have commenced until the trial be concluded, particularly as I have heard that, since the commencement of this interchange of despatches, the Government have urged the Judges to use greater diligence.

I have, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 10.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, January 22, 1876.*

I SHOULD feel much obliged if your Excellency would inform me whether Mr. Haddock, master, and Messrs. Sibley and King, mates of the steamer "Talisman," who were taken prisoners in October 1874, have been brought to trial, and if not, when it is the intention of the Peruvian Government to do so.

Accept, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 2 in No. 10.

Señor de la Torre to Mr. St. John.

(Translation.) *Lima, January 24, 1876.*

I HAVE only this day received your Excellency's despatch, dated the 22nd, in which you request to be informed as to whether Messrs. Haddock, Sibley, and King, of the steamer "Talisman," have been submitted to trial, and I at once asked the judge, who is charged with the criminal case which was ordered to be instituted after the decision of the Prize Court, to inform me of the date on which the trial was to have begun. As soon as I receive this information I shall hasten to communicate it to your Excellency.

In the meantime, &c.
(Signed) A. V. DE LA TORRE.

Inclosure 3 in No. 10.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, January* 31, 1876.

I HAVE the honour to request that your Excellency will be good enough to answer my despatch of the 22nd instant, in which I inquired whether Mr. Haddock, master, and Messrs. Sibley and King, mates, of the "Talisman," who were taken prisoners in October 1874, have been brought to trial, and, if not, when it is the intention of the Peruvian Government to do so.

Accept, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 4 in No. 10.

Señor de la Torre to Mr. St. John.

(Translation.) *Lima, January* 31, 1876.

REPLYING to your Excellency's despatch dated to-day, which I have just received, and in view of the information which I duly asked for from the Judge of First Instance of Callao, respecting the men on trial from the "Talisman," I have the pleasure to inform your Excellency that on the 1st of December last the criminal case ordered to be instituted against Captain Haddock, and the mates, Sibley and King, was begun; their preliminary depositions were taken on the 10th of the same month, as it was only on that date that the certified copies ordered by the Supreme Tribunal were sent to the Judge of Crime. Since then despatches have been sent to Pacasmayo to obtain important evidence, and I can assure your Excellency that the case is proceeding in accordance with the laws of the country.

I have, &c.

(Signed) A. V. DE LA TORRE.

Inclosure 5 in No. 10.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, February* 3, 1876.

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of the 31st January, 1876, in which you inform me that the trial of Captain Haddock and Messrs. Sibley and King, mates of the "Talisman," commenced on the 1st December, 1875, and that it still continues.

Two months have now elapsed, and the trial does not appear to be advancing in the slightest degree. I feel it therefore my duty to remonstrate against these delays which, though they may be according to the wording of the laws of the country, are evidently against their spirit, which enjoins magistrates to use every diligence in criminal cases. The three officers of the "Talisman" have now been in prison sixteen months, and there appears no prospect of the case being settled, unless the Peruvian Government will use their legitimate influence to accelerate proceedings.

The Court is said to be waiting for the depositions from Pacasmayo, but as Pacasmayo is within a day's journey of the capital, it is impossible that two months could be required to obtain these depositions, however important.

I, therefore, in the name of Her Majesty's Government, must express the hope that the case of the officers still under detention may be decided upon without further delay, and that in the event of their being condemned to punishment the long imprisonment they have already undergone may be taken into consideration.

Accept, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 6 in No. 10.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, February* 4, 1876.

I HAVE the honour to acknowledge the receipt of your despatch dated yesterday, relative to the trial of the captain and mates of the "Talisman."

Assuring your Excellency that in conformity with the laws, the prompt termination of this trial has been urged, I will only permit myself to recall to memory that the Province of Pacasmayo, where some evidence is to be taken, is not situated, as your Excellency is pleased to insinuate, at one day's journey from this capital, but is more than 350 miles distant from it.

With this reason, &c.

(Signed) A. V. DE LA TORRE.

Inclosure 7 in No. 10.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, February* 7, 1876.

I HAVE just heard from Callao that Judge Suero, charged with the trial of the officers of the "Talisman" has not yet received the important declarations from Pacasmayo, to which your Excellency refers in your despatch of the 31st January. As Pacasmayo is, as your Excellency informs me, only 350 miles from the capital, and connected with Callao by steam communication, the delay in sending this documentary evidence appears both unnecessary and vexatious. I cannot but again remind your Excellency that these prisoners have been confined in the Casas Matas of Callao for the last sixteen months, undergoing great sufferings in a place which has been condemned by one of your superior judges as totally unfitted for the purposes to which it applied. Though the forms of law may be observed in the conduct of this trial, I cannot but notice with much regret that these prisoners have been treated with great injustice, as their trial has been prolonged simply because no adequate effort has been made to obtain the evidence necessary to conclude it.

I must therefore request that the Peruvian Government will use their best efforts to close a case which has remained far too long in suspense.

Accept, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 8 in No. 10.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, February* 10, 1876.

YESTERDAY afternoon I received your despatch dated the 7th instant, in which you again occupy yourself with the criminal trial of the captain and mates of the "Talisman."

From my note of the 4th instant, to which your Excellency refers, you will no doubt have gathered that, in accordance with the provisions of the law, the quick termination of this trial has been recommended.

In fact, the matter having been submitted to the tribunals, the Government cannot interfere with their action, and must limit themselves to requesting the judges, as they have done on other occasions, to despatch the matter promptly; but it follows its course according to legal procedure.

This despatch would terminate here, if I did not find myself obliged to state that I do not and cannot admit, in any case, that your Excellency should qualify as "unnecessary and vexatious" what you consider to be delay in obtaining evidence from the Province of Pacasmayo, and that you should maintain that the prisoners have been treated with great injustice. On many occasions the absence of witnesses and a thousand other circumstances may delay the return of the Commission sent to receive the evidence at places outside the scene of the trial. The importance of the evidence is solely and exclusively a matter for the consideration of the judge, and no one can prejudge the matter. With respect to the treatment of the prisoners, I would remind

your Excellency that the Legation was convinced they were well treated, and that they were detained in a good place, very different from that destined for condemned prisoners. Apart from all this, I was in hopes that the harmony which exists between Peru and Great Britain would have sufficed to avoid the use of the expressions I have pointed out, and against which I am under the necessity of protesting.

Accept, &c.

(Signed) A. V. DE LA TORRE.

Inclosure 9 in No. 10.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, February* 12, 1876.

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of February 10, 1876.

It is precisely because I wish to preserve the harmony which at present exists between Great Britain and Peru, that I have pointed out to your Excellency the injustice with which British subjects have been treated in the case of the "Talisman." It is now three months since the last Court of Appeal gave sentence against the vessel, and handed over three of the officers for trial; yet, during those three months, nothing appears to have been done beyond taking the declarations of the prisoners.

Her Majesty's Government have no desire to screen from deserved punishment British subjects who may have committed crimes; but they have a right to remonstrate when they see that British subjects are detained for months, even for years, without their trials being concluded.

I am not aware that this Legation has ever expressed the opinion that the treatment of the prisoners taken in the "Talisman" has been good, and the place in which they are confined suitable for the purpose. My opinion is to the contrary effect; but I believe, however, that the English prisoners have been treated as well as the other prisoners who have been confined in the Casas Matas.

A place may be suitable for short terms of imprisonment which is not for long ones; and I would again remind your Excellency that two of the officers of the "Talisman" have been confined in those gloomy dungeons sixteen months, and yet they may be perfectly innocent of any intentional offence against the Government of Peru.

I trust that your Excellency will shortly be able to announce to me the conclusion of this too long retarded trial.

Accept, &c.

(Signed) SPENSER ST. JOHN.

No. 11.

Mr. MacIver, M.P., to Lord Tenterden.—(Received March 17.)

25, *Ennismore Gardens, S.W., March* 16, 1876.

MR. DAVID MACIVER is greatly obliged to Lord Tenterden for his letter of 14th instant, with its inclosure, and desires to thank him for his kindness in writing such full explanation with reference to the continued detention in Peru of Mr. John King, late second mate of the "Talisman."

No. 12.

Dr. Cameron, M.P., to the Earl of Derby.—(Received March 17.)

My Lord, 80, *St. George's Square, London, S.W., March* 17, 1876.

ON the 3rd November last, I addressed you a long letter on the subject of the steamship "Talisman." Since then I have received information which shows that a series of gross outrages on the British flag and the liberties of British subjects were perpetrated by the Peruvian Government in connection with the case. I intend to call the attention of the House of Commons to the matter on Tuesday next, the 21st

instant, and meanwhile have drawn up a pamphlet setting forth the grounds on which I base the allegations contained in the notice which I have placed upon the paper. I have been in some communication with Mr. Bourke upon the subject, and at the earliest moment sent him advance copies of the pamphlet. It may not, however, be superfluous to send your Lordship a copy; this I now do, and have the honour to be, &c.

(Signed) CHARLES CAMERON.

Inclosure in No. 12.

THE CASE OF THE STEAM-SHIP "TALISMAN."

Impressment of British Sailors on board Peruvian men-of-war. By Charles Cameron, LL.D., M.P. for Glasgow.

(For the use of Members of Parliament, and others interested in the Case.)

Prefatory.

I HAVE given notice that on March 21, I shall in the House of Commons, "call attention to the seizure of the British steam-ship 'Talisman' by the Peruvian Government; to her employment by that Government in her national service several months before her condemnation by any Prize Court; to the impressment of eighteen British subjects composing her crew on board Peruvian war ships in active service; to the subsequent imprisonment of these men without trial for upwards of a year, and the continued detention in prison of three officers of the ship without trial, upwards of fifteen months after their capture; and move for the appointment of a Select Committee to inquire into the whole circumstances of the case."

As my object is, if possible, to obtain the release of the men still in prison, and to procure compensation from the Peruvian Government for its unjustifiable treatment of a number of British subjects, I publish the following statement, in order that every one interested may have an opportunity of calmly judging for himself of the grounds on which I base my case. I have been obliged to quote many of my documents from South American newspapers, because I have been unable to obtain access to those of them that may be in the possession of the Foreign Office. I asked for the presentation to Parliament of Papers relating to the case in August last, but was informed that, on the 19th of July previous, Mr. Charley had moved for Papers relative to the imprisonment of British subjects in Peru since 1872; that they were being prepared for Parliament, and that the correspondence relative to the case of the "Talisman" would be included amongst them. Six months having elapsed, and the Papers being still unpresented, I have got together what documentary evidence I could myself procure, and I publish it with the less reluctance as I am inclined to believe that the greater part of the facts which it discloses will be new to the Foreign Office. I ask for a Committee of Inquiry, because without one the major portion of the crew, who are now at home, will soon be scattered and their evidence lost.

(Signed) CHARLES CAMERON.

80, *St. George's Square, S.W., March* 13, 1876.

The Case of the "Talisman."

The case of the steamer "Talisman" is briefly this. She sailed from Cardiff in May, 1874, on a trading voyage to South America. Her crew consisted of twenty-one officers and men, British subjects, regularly engaged through the Government shipping offices at Glasgow and Cardiff, at rates rather under those current in the South American trade. (See Appendix I.) The vessel was consigned to a Peruvian, known as Mr. Bulwer, who accompanied her out, and who turned out to be one of a band of conspirators desirous of overturning the existing Government of Peru. Arrived at Quinteras, in Chili, forty-eight passengers came on board the "Talisman." They were nominally bound for Vancouver's Island, and there was nothing suspicious about them; but after they had been at sea some days, they suddenly armed themselves, assumed uniforms, and placed sentries in command of the ship. The crew protested, through the chief engineer (see Appendix V.), but were assured by the captain that nothing

illegal was contemplated, and being unarmed, and not half the number of the passengers, they had no option, whatever their suspicions, but to continue to work the vessel. When they arrived off Pacasmayo, in Peru, the "Talisman" anchored, and her captain went ashore, accompanied by the second mate and three men. The authorities, acting on instructions from Lima, seized the captain and those who accompanied him, and the Captain of the Port boarded the vessel. As he did so, the insurgents rushed out of the cabin, where they had concealed themselves, fired upon him, and took him prisoner. A boat load of soldiers was sent out from shore, but the insurgents fired upon them, and compelled them to retreat. Meanwhile the crew had taken shelter in the forecastle, out of way of the firing. Having beaten off the soldiers, the insurgents ordered the crew to work the vessel out of the bay and southward along the Peruvian coast. Being now but one-third of the number of the insurgents, and unarmed, they had no choice but to obey. After a few days the "Huascar," a Peruvian ironclad, bore down upon them, off Ilo, when the rebels escaped up country, the vessel was seized, as being engaged in an act of a piracy, and the crew were taken prisoners. This occurred on the 2nd of November, 1874. The vessel was at once taken by a prize crew to Callao, was brought before the Prize Court, and adjudged a prize in June, 1875. An appeal was, however, lodged, and she was not finally condemned till November, 1875. Now in all this there is nothing to complain of.

What there is to complain of is—

(1.) That the captain and two mates, who were all three prisoners in November, 1874, have been and still are retained in prison, and subjected to very cruel and degrading treatment, without ever having been brought to trial, and this after every native insurgent engaged in the abortive revolution, not excepting even one who attempted the life of President Pardo, has been long ago set free.

(2.) That eighteen men of the crew were detained in prison, and subjected to very cruel and degrading treatment, for twelve months after their capture, and long after every native insurgent had been amnestied: that they were then dismissed without trial, on the recommendation of the Supreme Prize Court, to the effect that while the officers should be handed over to the criminal authorities, the men were not criminally responsible, and should be set free.

(3.) That the prolonged imprisonment of the "Talisman" crew, without trial, pending the settlement of the prize case in the Prize Courts, was not pretended to be justified upon any municipal law of Peru, or any precedent in the Peruvian Courts, but rested solely on an unsupported opinion of the Peruvian Attorney-General (given at length in Appendix III.), upon the international law of the case; while . . . . .

(4.) Throughout the whole case, on the points enumerated in my resolution, international law was almost ostentatiously set at defiance.

These points are—

(A.) *The employment of the "Talisman" by the Peruvian Government several months before her condemnation by any Prize Court.*

According to a letter to me from Lord Tenterden, dated 2nd July, 1875, the "Talisman" had not been condemned by any Prize Court at the date of the last Foreign Office advices from Peru, viz., the 27th of May, 1875; I believe she was not condemned till June 13.

Up to the time of her condemnation she of course remained a British vessel, and under the protection of the British flag.

And yet in December, 1874, she was illegally seized by the Peruvian Government, and employed in transporting troops and munitions of war for the suppression of a rebellion in the south. The "Valparaiso and West Coast Mail" of Saturday, December 19, 1874, contains the following paragraph:—

"The steamer "Talisman," of fillibustering fame, is doing good service as a transport. She sailed from Callao for the south on the 1st instant, with the Minister of War, 70 artillerymen and 4 guns."

The statement of the Chief Engineer, Roberts, fully corroborates this, so far as the troops and Minister of War are concerned. As to the actual employment of the vessel, and the mode in which it was gone about, the following translation of official documents, of which the originals will be found in the Appendix (IV), leaves no doubt:—

"To the Captain of Prizes,

"Sir, "*Ministry of War and Marine, Lima, November* 29, 1874.

"The presence of the steamer 'Talisman' not being indispensable to the further course of the present inquiry, and it being of urgent importance to send her immediately to the southwards, you will be so good as to place yourself at the orders of the Commander of the Maritime Department at Callao.

"My lord, &c.

(Signed) "NICHOLAS FREYRE."

On December 1, 1874, the "Talisman" left for the south at 10 A.M., under the command of Captain Leopoldo Sanchez, and returned on December 9.

(Signed) SANTIAGO BECERRO,
Keeper of the Records.

Callao, April 17, 1875.

(B.) *The impressment of Eighteen British subjects, composing the "Talisman" crew on board Peruvian Warships in active service.*

(1). The three men seized along with the Captain at Pacasmayo, afer a barbarously cruel imprisonment of three weeks at San Pedro (see King's statement, Appendix XII), were placed on board the Peruvian gun-boat "Chalaco," which was short of hands, entered upon her books, put in Peruvian uniform, and compelled to work like the rest of the crew, but without payment. Arrived at Callao, their uniforms were taken off, and they were consigned to prison.—(See declaration by Ross and Pergrien, in Appendix VI.)

(2). When the "Huascar" captured the "Talisman," the Peruvian engineers not being able to work that vessel's engines, Mr. Roberts, the Chief Engineer of the "Talisman," was ordered to take her into Callao. Having done so he was sent to prison. After he had lain there several weeks, he was taken out on the evening of November 30, marched on board the "Talisman," which had the Peruvian Minister of War on board, and was about to sail with troops to Mollendo, and ordered to take charge of her. This act of impressment of a British subject was of the most high-handed character, and is proved by incontestable documentary evidence, as it was done under cover of an order of the President of the Prize Court, which ran as follows—(For original see Appendix VII) :—

"Captain of the Navy, &c.

"It being a matter of urgency that the late engineer of the steamer 'Talisman,' Alexander Roberts, should be in charge of the machinery, and he being at present in gaol as a prisoner, under the jurisdiction of this Court, and in view of the urgency of the service for which the aforesaid steamer is required, the Commandant aforesaid resolves that he (Roberts) shall sail on board the 'Talisman' during this voyage, remaining on board in the same condition of prisoner, the captain of the steamer being personally responsible for his safety.

(Signed) "DIEGO DE LA HAGA."

This order, it is worthy of note, was dated December 1, a day subsequent to Roberts' impressment.—(See Roberts' declaration, Appendix VIII.)

The sole urgency in the matter was that the Peruvian engineers could not work the "Talisman's" engines. When the Peruvian Government had got all the assistance they required out of Roberts in his "same condition of prisoner," they sent him back to prison.

(3.) The rest of the crew of the "Talisman," when that vessel was captured, were taken on board the Peruvian ironclad "Huascar," instead of being taken ashore for trial in the "Talisman," which steamed direct to Callao. They were kept on board the "Huascar" for five weeks, and during that time each man was compelled to do duty at his own station precisely as if he had belonged to the regular ship's crew, but without pay. The "Huascar" was during that time engaged in active service in connection with the suppression of the rebellion in the south before referred to.—(See declaration of men in Appendix IX.)

(C.) *The subsequent Imprisonment of these Men without trial for upwards of a year.*

This imprisonment, as the reader will see by referring to the opinion of the Peruvian Attorney-General in Appendix III., was justified by the Peruvian Govern-

ment solely by an appeal to that international law which in the cases above quoted (and in some minor ones which I have for the sake of brevity omitted) the Peruvian Government had so flagrantly violated. A careful study of the case, the antecedents of the crew, who were exceptionally steady and respectable, the perusal of a large number of their letters to their wives and most intimate friends, and a careful cross-examination of the men themselves, have convinced me that they were innocent of all criminal knowledge of the illegal designs of the "Talisman." I am, however, relieved, from any necessity of arguing this point by the Fiscal of the Supreme Court of Peru, who, on the final condemnation of the "Talisman," in recommending their dismissal from custody without trial, admitted that they were not criminally responsible.

"The sailors," he said, "are not responsible, seeing that discipline, and the nature of their employment, rendered them to a certain degree blind and mere tools of their officers; and in the present case it is established that in the Port of Pacasmayo they took no part whatever in the firing which was directed from on board [their vessel] against the authorities of the Port."--(For Original see Appendix 2.)

To aggravate the hardship of their prolonged imprisonment, unjustified as it was by any municipal law of Peru, the men, according to a despatch of the British Minister at Lima, dated August 25, 1875, "were at first buoyed up by the promises of immediate liberty made by the Judge in charge of the case and by the Secretary of State." To aggravate the injustice further their treatment was most cruel.—(See Statement of Crew, Appendix XIII.)

The British Minister at Lima, I know, gives this a general denial, but when he has ventured on particulars, as when he has spoken of the prison companions of the men being political prisoners, he has proved to be wrong, while the particulars given by the men speak for themselves, and have carefully cross-examined the men, some in Liverpool and some in Glasgow, since their return to this country, I believe their statements to have been strictly true. They were confined in a casemate of the dismantled fortress of Casa Matéo. The whole of them, except the Captain, lived in this cell, which was underground, damp, dark, badly ventilated, rendered disgustingly foul by the presence in it of two soil tubs, used by all the prisoners, and swarming with vermin. Together with them were huddled from sixty to seventy of the lowest class desperadoes of the country. There were seven murderers in on life sentences, for example, a number of convicts, men vndergoing punishment for shooting, stabbing, robbery, and so forth. The "Talisman" crew got the same rations as these convicts, with this difference, that the men who had been longest in got the first choice, and consequently the untried sailors had often to content themselves with rations which the convicts had rejected.

The dimensions of the cell in which from eighty to ninety people were confined were about 35,000 cubic feet. This would give about 4,000 cubic feet of space to each inmate, which, considering the absence of ventilation and the emanations from the soil tubs, certainly does not justify the epithet of airy applied to the place by the British Minister. Moreover, accordiug to the Peruvian papers, during the very time of the imprisonment of the "Talisman" crew in Casa Matéo, a Peruvian Government Commission reported that the place was so unhealthy and unfit for its present use, that it should forthwith be closed. As for the rations, it is hardly to be wondered that the men complained when we contrast the prison diet with their allowance on board ship.

In Casa Matéo they received daily (according to statements by second mate and men)—	On board ship they received daily (according to ship's articles)—
2 pints soup (very bad).	1½ lb. beef, or 1¼ lb. pork.
¼ lb. potatoes.	½ lb. flour, or ⅓ lb. peas.
¼ lb. beans or rice.	1 lb. bread.
¼ lb. beef, including bone and gristle.	¼ oz. tea, ½ oz. coffee, and 2 oz. sugar.
½ lb. bread.	

The prison narratives of the second mate and of the men will be found in Appendices XII and XIII.

The Motive for their Prolonged Detention.—In a country where the Government so far forgets itself as to allow the impressment of foreign prisoners into its vessels of war and where it can find a Court so facile as to lend its written sanction to that impressment, as was done in the case of Roberts, one may be excused if one asks for motives. The apparent motive for the detention of the men in this case was the belief that, by withholding from the prisoners all hope of release until the final condemnation of the ship in the Prize Courts, the persons who instructed the defence (the crew say the captain did so, but the captain says that he was not consulted concerning it) would be

induced to abandon their policy of delay and appeal, and would consent to the summary condemnation of the vessel. Admitting, for the sake of argument, the validity of the opinion of the Peruvian Attorney-General that international law justified the confinement of the men until the condemnation of the vessel, there can be no pretence that it compelled that detention; and yet here is a copy of a letter from the British Minister in Lima to the second mate of the vessel, in which he states that the Secretary of State had informed him that the detention of the men "was entirely caused by the delay of the defence."

"*British Legation, Lima, October* 23, 1875.

"I saw his Excellency the President last night on the subject of your continued detention in prison without trial, and the President gave me his word that if the Supreme Court confirmed the sentence of the Superior Court, you shall immediately be set at liberty. The Secretary of State, Mr. Fernandez, who remarked yesterday that your detention in prison since April last has been entirely caused by the delay of the defence, informs me that the Superior Court will give its sentence either to-day or early next week.

"Your obedient Servant,
(Signed) "SPENSER ST. JOHN.

"Mr. John King."

(D.)—*The continued detention of three officers of the ship without trial fifteen months after their capture.*

The captain and two mates of the "Talisman" are still detained in prison, on the statement of the Fiscal of the Supreme Prize Court, to the effect that there was a *primâ facie* case against them sufficient to justify the criminal authorities in bringing them to trial. At best, however, as every native connected with the attempted revolution had been amnestied months before November last, they have been exceptionally severely dealt with. Moreover, the final condemnation of the "Talisman" took place in November, and the evidence having been thoroughly sifted during the prize trial, there should have been no delay in trying her captain and officers on whatever charge might be brought against them. Instead of that, they have been subjected to a further imprisonment of three months, and are not likely, according to my last information, to be brought to trial before April. My case for them is that the British Government is bound to see that any British subject imprisoned by a foreign Power on whatever charge, (1), receives the same treatment as would be accorded under similar circumstances to a subject of that country placed in a similar position; and, (2), that he receives a fair trial within a reasonable time. Neither of these conditions have been fulfilled in the present case. The captain and second mate were prisoners before the first shot in the attempted insurrection was fired, and yet here they are kept in prison after natives who were taken with arms in their hands have been set free. As for the second condition it is sufficient to say that the captain and second mate became prisoners on October 23, 1874, and the first mate on November 2, 1874, and that they have not yet been tried. Of the innocence of one them I am morally certain. They are all, however, entitled to be regarded and protected as innocent until they have been proved to have been guilty. Of the favour and impartiality of the trial which they may expect, unless proceedings are sharply watched on their behalf by the representatives of this country, I leave the reader to judge by what has gone before.

What Lord Palmerston did in a parallel case.

The case of the "Cagliari" (A.D. 1857) was an exactly parallel case of an outrage on British subjects, but on a very much smaller scale. In it a band of Italian revolutionists seized the "Cagliari," a vessel in which two British subjects were employed as engineers, and compelled them to work her engines under their orders. The vessel was subsequently seized by a Neapolitan cruiser, and the engineers were consigned to prison, and kept there for five months. Their treatment there was very similar there to that of the "Talisman" crew, even to the soil tubs in the cells. Lord Palmerston, however, interfered, and after five months the men were liberated, and the Neapolitan Government compelled to pay them 3,000*l.* by way of compensation. A brief summary of the "Cagliari" affair will be found in Townsend's "Manual of Dates," under the heading of "Cagliari," and full details of the case are given in a Blue-book published at the time.

Appendix I.

Names and Pay of Officers and Crew of "Talisman."

(Extracted from Ship's Articles.)

Name.	Age.	Born at—	Capacity.	Pay per Month. £	s.	d.
1. Geo. Barnes Haddock ..	45	Sunderland	Master		..	
2. Henry Sibley	33	London	Mate	15	0	0
3. John King	24	Androssan	2nd Mate	6	6	0
4. Alex. Martin	39	Stornoway	Carpenter	8	0	0
5. Richard Powell	40	Hereford	Steward	8	0	0
6. „ „	40	„	2nd Steward ..	8	0	0
7. Samuel Taylor	27	New York	Cook	6	0	0
8. John Blair	23	Macduff	A.B.	4	10	0
9. Daniel White	40	Greenwich	A.B.	4	10	0
10. M. Ross	22	Banffshire	A.B.	4	10	0
11. John McLean	29	Argyll	A.B.	4	10	0
12. Hubertus Kuypers ..	19	Holland	O.S.	3	0	0
13. John Akers	19	London .. .	O.S.	3	0	0
14. Alex. Roberts	33	Dumbarton	1st Engineer ..	20	0	0
15. John Wylie	33	Barrhead	2nd Engineer ..	16	0	0
16. James Scott	35	Greenock	Boiler-maker ..	10	0	0
17. John Lorimer	47	Ayr	Fireman	5	5	0
18. William Freeman . ..	28	Port Glasgow	Fireman	5	5	0
19. John Phillips	35	Glasgow	Fireman	5	5	0
20. Andrew Bain	24	Glasgow	Fireman	5	5	0

Appendix II.

Official Admission of Innocence of Crew.

From "La Gaceta Judicial" of Lima, 8th November, 1875.

Vista del Señor Fiscal de la Excelentisima Corte Suprema.

* * * * * *

EN el caso actual [that of the "Talisman"] los marineros son irresponsables desde que su subordinacion y naturaleza de sus funciones les hace hasta cierto punto ciegos y meros instrumentos de los comandantes, y en el presente caso consta que, en las aguas de Pacasmayo, se mantuvieron completamente extraños á los tiros que de á bordo se hicieron á las autoridades del puerto.

El que suscribe cree, pues, salvo el mas ilustrado acuerdo de vuestra Excelencia, que debe declararse que no hay nulidad en la sentencia de vista, en la parte que declara legitima la presa del "Talisman" y que la hay en la que ordena poner á disposicion del Gobierno al capitan, los dos pilotos y marineros, y que esta parte debe reformarse en el sentido que los tres primeros sean desde luego sometidos al juez del crimen, y los últimos puestos en libertad.

(Firmado) FUENTES.

Lima, Octubre 18 *de* 1875.

From "La Gaceta Judicial" of November 13, 1875.

Resolucion Suprema.

Lima, Noviembre 13 *de* 1875.

Vistos: de conformidad con lo expuesto por el Ministerio Fiscal, declararon no haber nulidad en la sentencia de vista corriente á fojas 223 vuelta, del cuaderno primero, su fecha 21 de Setiembre del presente año, expedida por la Ilustrisima Corte Superior de este Departamento, en la parte que declara buena presa el vapor "Talisman," y que hay nulidad en cuanto ordena que el capitan, los pilotos y tripulantes de dicho buque sean puestos á disposicion del Gobierno; mandaron que dicho capitan

y pilotos sean sometidos al Juez del Crimen, y que los demás tripulantes sean puestos en libertad; y los devolvieron.

(Firmado) VIDAURRE.
ALVAREZ.
RIBEYRO.
MUNOZ.
ARENAS.
ALZAMORA.
GARCIA CALDERON.

Se publicó conforme á la ley, de que certifico.
(Firmado) MANUEL L. CASTELLANOS.

APPENDIX III.

Translation of Opinion of Peruvian Attorney-General upon which Peruvian Government justifies the Detention of the "Talisman" Crew without Trial.

From the "South Pacific Times" of February 28, 1875.

A NUMBER of documents in connection with the trial of the "Talisman" have been made public. It appears that Señor Diego de la Haza, the chief of the Prize Court, was of opinion that his functions only extended to the trial of the vessel, and that the law which establishes his office contains no authorization for the continued imprisonment of the crew subsequent to their having given their evidence. The Executive believed that two trials should be held, one on the vessel and cargo, to determine as to her being a lawful prize, and the other on the crew for acts of piracy committed in Peruvian waters, and the opinion of the Attorney-General was, therefore, asked on this point. The following is the opinion he has now given:—

"In accordance with Art. 12 of the Prize Laws, the Court before which the case of the capture of the "Talisman" is being tried, has declared that there are grounds for the detention of the vessel and her prosecution; but on informing the Ministry of War and Marine of this decision the Judge states that in the laws before mentioned, there is no provision for the detention of the sailors after they have given their evidence.

"Your Excellency being desirous to act in accordance with the actual laws, has decided to appeal to the Attorney-General for an answer to the question as to whether two trials should be commenced, one against the vessel and her cargo, and the other criminally against the crew of the ship for piratical acts committed in ports of the Republic. It is not in the regulations for the trial of prizes, which will always be *in rem* against the vessel and cargo, but in the Penal Code, where an explanation is found of the proceedings to be taken in order to examine offences against the national jurisdiction, whether they have been committed by Peruvians or foreigners.

"This case is similar to that of smuggling vessels, which were subject to the 3rd article of the Prize Laws until the organization of the existing system of courts for confiscated effects. The powers of these courts in defence of the interests of the Treasury do not prevent criminal actions being also instituted before the proper tribunals against the persons proved guilty by the trial of the confiscated goods of having been actors or accomplices in the crime. They are then tried, whether they are at liberty or imprisoned, since in this case immediate detention, when taken *in fraganti*, is allowed by Art. 229 of the Commercial Code and the Supreme Resolution of April 2, 1869. If, according to international law, the right of the tribunals of the captor to judge prizes taken is undeniable, as inseparable from the sovereignty of the nation the right to judge crimes committed within its territory; the difference is very notable which exists between those primitive tribunals, 'the principal object in the institution of which is to enforce the law of nations equally with natives as with foreigners,' and the ordinary criminal tribunals which punish delinquents according to the actual legislation of the country. Two well recognized principles spring as natural consequences from this fact: Firstly, that in order to invest the Prize Tribunal with the powers inherent to the ordinary ones, it would be necessary for the competent supreme authority to issue an order to that effect; and, secondly, that the organization and powers of these tribunals depend entirely on the constitutions and legislation of the different countries, and are therefore very varied.

"The Prize Tribunal of Peru cannot investigate the amount of criminal responsibility attaching to individuals taken in a captured vessel, because this duty is not given or conferred on it by its organization, nor by the general law organizing the judiciary, which only recognizes its existence by Art. 448. Much less is this power granted by the political Constitution which merely limits itself to recognizing by Art. 136 the primitive courts and tribunals, and their special codes, until such time as legislation should effect their reform.

"On the contrary, the power of the tribunals is clearly evident. In the minor Code we find that the duty of administering justice in this case exclusively pertains to the courts and tribunals established by law (Art. 1); that Peruvians and foreigners who criminate themselves within the Republic, and pirates, are subject to the criminal jurisdiction of the nation (Art. 3, pars. 1 and 9); and that the Judges of First Instance exercise ordinary jurisdiction in criminal cases for infraction of common law (Art. 4, par. 3). And the Penal Code shows that foreigners who attack the independence and sovereignty of the nation are subject to trial for crimes foreseen and chastised by law; and that in the same case are pirates, or those who, without the sanction of their Government commit hostile actions against other countries, and that on any of the three charges they are subject to punishment if they fail to respond to the charges. (Arts. 114 and 118, pars. 1 and 2; Arts. 119 and 123; and Arts. 127 and following).

"Whatever may be the crime with which the crew of the "Talisman" are charged, as it has been executed against the Republic, and in its waters in the Ports of Pacasmayo and Pacochas, and the vessel and her crew having been captured within these waters, it is undeniable that the individuals are liable to ordinary criminal procedure, whilst the vessel and cargo are subject to the jurisdiction of the Prize Tribunal.

"In order to determine which Court of First Instance should decide the criminal case, it is sufficient to remember that the steamer and her crew are in Callao, that that Port, as the principal one of the Republic, is determined by the 5th Art. of the Prize Regulations as the Port in which all trials are to be initiated; and that from its position, and from being the residence of the Commander General of Marine, at twenty-five minutes' distance from the capital, where the Upper and Supreme Tribunals hold their sittings, it offers both for the accused and the proceedings all the conveniences and facilities which the administration of justice can desire. Besides, being the central point on the whole coast, and of the offices which direct the steam communication, a criminal trial which is conducted at Callao can be concluded in the shortest possible time, because, by means of despatches, inquiries can be conducted both North and South, in the Port of Pacasmayo and Pacochas, the dependency of Ilo.

"Notwithstanding these reasons, should a question of want of jurisdiction of the First Instance of Callao arise, the Executive will then determine as empowered by law. From the present stage of the trial of the prize, no objection can be offered to these arguments—rather they are strengthened by the evidence. Inasmuch as the preliminary investigation has proved that there are grounds for the detention of the steamer, and for continuing the trial, it is clear that the Prize Tribunal, which exercises its authority over vessel and cargo, has found some proof against her, either in papers taken on board, or the depositions taken in the examination. If no appeal has been presented, and judgment is being declared, very soon we shall learn by the definite sentence, if the proofs of culpability are confirmed and augmented sufficiently to lead to the condemnation of the vessel and cargo as a lawful prize, or if her innocence is proved to such an extent as to enable the Court to decide that under Art. 29 of the Prize Regulations she is not a legal prize, and that the vessel must be immediately delivered to her captain, with her cargo, officers, and crew. This Art. 29 here alluded to, expressly enumerates the things and persons which must be delivered to the captain when he obtains a favourable verdict, and from this enumeration it can be clearly understood that up to the day of its being made public no change can take place in the condition of the things and persons from the time of the preliminary trial having proved there were grounds for its serious continuance. This legal condition does not prevent the measures prescribed by the law being carried into effect in order to prevent the things and persons suffering deterioration or damage; nor does it prohibit the liberation on bail of some of the individuals if circumstances permitted.

"This separation of the proceedings and trials, which in Peru is an absolute and legal consequence of the nature of the offences and the different class of responsibilities, became half a century ago in France the special object of the 16th and 20th Arts. of the case of the 10th of April, 1825. Art. 16 says:—'In cases of the capture

of vessels for piracy, the trial of the prisoners will not be concluded until the legality of the capture has been determined, but this suspension will not prevent the legal preliminaries being carried on;' and Art. the 20th:—'Individuals accused of complicity in the crimes specified in clause 2 of this law, will be prosecuted and condemned in accordance with the forms and customs of the ordinary tribunals.'

"The crew of the 'Talisman' would be nothing more than prisoners of war had the proceedings with which they are charged been authorized by their Government, and in that case only one trial could have occurred, that of the 'Talisman' previous to her condemnation as a prize.

"According to international law the Government would ordinarily be responsible for the violation of neutrality, as happened with the 'Carolina' in 1838. In that case the Supreme Court of the State of New York declared that the British subject Alexander MacLean, had acted under the orders of his Government, and that he was consequently not responsible for his actions. The English Government subsequently gave the explanations which the Cabinet of Washington demanded.

"The judgment of the criminal responsibility of persons who are charged with piracy cannot be denied, because, by international law, pirates are subject to the jurisdiction of all nations. In the case of the American vessel 'Gerity de Brick,' three of the crew alleged in 1867, before an English Tribunal that they had acted under the orders of the Confederate Government, which had been recognized by Great Britain, and that they therefore were not responsible for the crime with which they were charged. The English Court decided that the crime was one of a piratical nature, and retained the accused in prison until the termination of the trial, which they asserted should be in England in conformity with international law.

"As it would be neither right nor just to suppose, without having examined the proofs, that the prisoners have acted under authorization from their Government, this legal consideration renders it indispensable that the ordinary jurisdiction of the Republic should take its proper course with regard to the criminal responsibility affecting the persons who have been captured *in fraganti* in our waters. It is also certain, as Bluntschli says, that 'States are responsible one to the other not alone for acts committed in their name and by their order, but also when they do not prevent private individuals, acting in their territory, violating the rights of another Power.' In other words 'international law declares that a country which allows itself to be made the theatre or the point of departure of hostile actions ceases to retain a neutral character.' This expression is used by Mr. Montague Bernard, the distinguished English jurisconsult and signer of the Treaty of Washington, in his work on the neutrality of Great Britain during the American civil war.

"It is equally certain that the crew, being accused of certain crimes, must answer for them in the Penal Courts of Peru. This is in conformity with the *lex loci*, an undeniable principle in all similar cases, and the more particularly so in this, in which those involved are subjects of Great Britain, which has always considered penal justice as territorial. It is so also in conformity with the Treaties of the Republic, without taking into consideration its laws, usages, and Customs.

"When the 'Talisman' arrived, Peru was not at war. She was in the enjoyment of absolute and universal peace. The acts which were committed constitute by their character an especial aggression to produce civil war in the Republic.

"If a war or merchant vessel arrives at a port or roadstead, or even within the waters of a foreign power, to commit acts of hostility against it, or of open violence against any of its inhabitants, measures in legitimate defence would be taken without regard to questions of jurisdiction, and the offended State would possess the right to use all steps for its own protection.

"This just and wholesome principle has been recognized by the Parisian Cassation Court in the case of the Sardinian ship 'Carlos Alberto,' which attempted in 1832 to disembark the Duchess of Berri and her co-conspirators at Marseilles. One of the reasons for the decision in that case was taken from Wheatson, and the following paragraph was quoted:—'Notwithstanding the privileges established by international law in favour of friendly and neutral vessels, these privileges cease to exist from the moment they despise the alliance or neutrality covered by their flags, commit acts of open hostility. In this case they convert themselves into enemies, and are liable to suffer all the consequences attendant on the position in which their acts of aggression have placed them.' The paragraph says:—'The internal right of jurisdiction over national waters extends over foreigners who navigate them, and who must be considered as temporary citizens and members of the same public body. For this reason, whenever the delinquents are private individuals, they are punished by the

regularly constituted Tribunals in proportion to the crimes they have committed. But if those culpable form a people or a numerous society, established as a nation, then they must be punished by force of arms until they have given satisfaction for the offences offered, and completely repaired the injustices they have committed.' (Azuni on Maritime Rights.)

"In 1857 the President of the United States sent a message to the Senate informing it that Commodore Paulding had landed in Nicaragua and taken charge of Walker, who wished to seize the Government of that Republic. This invasion by Walker was considered an enormous crime, subject to the common law, and it was argued that the preparation in the United States of an expedition to make war on a foreign and allied State, was a serious and dangerous crime which it was necessary the laws should chastise.

"For these reasons this Office believes that your Excellency can order that the trial of the 'Talisman' be continued in the regular Prize Court in accordance with law, until it be decided whether she is or is not, a lawful prize; and in case of her being condemned, then all the documents must be handed over to the criminal Judge for the punishment of the guilty in accordance with the Penal Code."

(Signed) "URETA.

"*Callao, January* 23, 1875."

Appendix IV.

Original of Orders for the Employment of the "Talisman" before her Condemnation.

From "La Gaceta Judicial" of November 6, 1875.

Ministerio de Guerra y Marina, Lima, Noviembre 29 *de* 1874.

Señor Capitan de Navio, Juez de Presas,

No siendo indispensable la presencia del vapor "Talisman" en el Callao para la prosecucion del juicio que se le sigue, y necessitandose con urgencia enviarlo al Sur, conduciendo algunos articulos para el ejército, sirvase VS. ponerlo á disposicion de la Comandancia General del Departamento Maritimo del Callao.

Dios guarde, &c.

(Firmado) NICOLAS FREYRE.

Callao, Noviembre 30 *de* 1874.

Señor Coronel, Prefecto de esta Provincia,

He dado las órdenes convenientes, á fin de que se admitan á bordo del vapor "Talisman" los 122 bultos que remite el Comandante General de Artilleria, con destino al Ejército de operaciones del Sur.

Digolo, &c.

(Firmado) DIEGO DE LA HAZA

Callao, Noviembre 30 *de* 1874

Señor Coronel, Prefecto de esta Provincia,

He dado las órdenes convenientes, á fin de que se reciban á bordo del vapor "Talisman" los 10 cajones que contienen cartuchos de caña, y que de órden suprema se remiten con destino á las fuerzas del Sur.

Digolo, &c.

(Firmado) DIEGO DE LA HAZA.

En 1° de Diciembre de 1874, salió el "Talisman" á las 10 del dia para el Sur al mando del Capitan de Corbeta Don Leopoldo Sanchez, habiendo regresado el 9 de dicho mes.

(Firmado) SANTIAGO BECERRA, *Archivero.*

Callao, Abril 17 *de* 1875.

Appendix V.

Declaration of Members of the "Talisman" Crew as to their ignorance of the Designs of the Vessel.

WE, Alexander Roberts, of 13 Mair Street, Kinning Park, in the County of Renfrew, chief engineer; John Wylie, of 4, Ropework Lane, Port Glasgow, in the said county, second engineer; James Scott, of 4, Moncrieff Street, Paisley, in the said county, boiler maker; John Lorimer, of 1, Stow Place, Paisley, in the said county, fireman; Archibald Livingston, of 15, Cranston Street, Glasgow, in the county of Lanark, trimmer; Richard Powell, Barrhead, in the county of Renfrew, steward; do hereby solemnly and sincerely declare that, on or about the 5th day of May, 1874, we signed Articles at Glasgow to serve on board the steamship "Talisman," a British vessel, duly registered as members of the crew in the respective capacities foresaid, for a voyage from Glasgow *viâ* Cardiff to Monte Video. That after calling at several ports, the said vessel touched at Quinterras, on the coast of Chili, where forty-eight men, or thereabouts, came and remained aboard her. That after passing Caldera, these men put on uniform, armed themselves, and placed sentries in command of the vessel. That we thereupon, through the chief engineer, protested to the master of the said ship (Captain Haddoch), that we had been deceived as to the nature of the voyage, and that we should not be required to do further service in said vessel, but the master asserted that all was right and ordered us back to our posts. That up till this, we understood and believed that the voyage was an ordinary commercial voyage, and we signed the ship's articles on the representation, and in the belief that it was so. That on entering Pacasmayo Bay, which we reached within three days after the said men armed themselves, as aforesaid, the master, second officer, and three of the crew of the "Talisman" were made prisoners by the Peruvian authorities. That, while lying in said bay, we demanded permission from the first officer to go ashore and see the British Consul, but this was refused. That being ordered to set sail from Pacasmayo, the crew left in the "Talisman," including ourselves, declined to do so, but on our lives being threatened, we signed a written protest to the effect, that we only wrought the ship by force, and in point of fact, we worked the "Talisman" thereafter only under compulsion, exercised by three times our number of armed men, and we make this solemn declaration conscientiously believing the same to be true, &c.

Voluntarily made and subscribed before, and taken and received by me, at Glasgow, this third day of March, 1876.

(Signed) ALEX. ROBERTS.
JOHN WYLIE.
JAMES SCOTT.
JOHN LORIMER.
ARCHIBALD LIVINGSTON, his ⋈ mark.
RICHARD POWELL.

Before me,
(Signed) George Browne,
Justice of the Peace for the County of Renfrew.

Appendix VI.

Declaration of Ross and Pergrien as to their Impressment on board the Peruvian gunboat "Chalaco."

We, William Ross, at present residing at No. 17, Chapel Street, Birkenhead, in the County of Chester, mariner, and Samuel Pergrien, at present residing at the Sailors' Home, Liverpool, in the County of Lancaster, mariner, do severally, solemnly, and sincerely declare and state as follows:—

And first I, William Ross, for myself say:

1. That I joined the steamship "Talisman" as an able-bodied seaman at Glasgow on the 5th May, 1874, for a voyage viâ Cardiff to Monte Video and other places.

And I, Samuel Pergrien, for myself say:

2. That I joined the said steamer as an able-bodied seaman at Cardiff on the 15th of the said month of May, 1874, for the voyage aforesaid.

And we, William Ross and Samuel Pergrien, for ourselves say :

3. That we proceeded in the said steamer to the River Plate, and thence by the Straits of Magellan to the West Coast of South America.

4. That on or about the 23rd October, 1874, we arrived off the Port of Pacasmayo, in Peru. The Captain of said steamer landed at that port, and shortly afterwards, in obedience to his orders, the second mate John King, accompanied by three seamen, namely, John Akers and us, these declarants, also proceeded from the steamer to the landing place for the purpose of bringing the captain back to the steamer. This occurred before the seizure of the Port Captain by the rebels, and we did not learn what had taken place on board till several weeks afterwards. After our arrival on shore, and before the Captain had joined us, we were seized by three Peruvian men wearing a naval or some other uniform, and were driven by Peruvian soldiers to prison.

5. That after being imprisoned at Pacasmayo and at San Pedro, also in Peru, for about three weeks, the captain of the "Talisman," John King, the second mate, John Akers, and these declarants, were taken back to Pacasmayo and put on board the "Chalaco," a despatch vessel belonging to the Peruvian Government, and carrying several guns.

6. That one of the superior officers on board this vessel put John Akers and us, these declarants, in charge of the boatswain, who spoke English. The boatswain stated to us that the vessel was short of hands, and that we must work on board of her as part of her crew. Being powerless we were forced to obey orders. Our names were taken down and were entered on the ship's papers.

7. That after lying for about three days in Pacasmayo Bay the "Chalaco" proceeded to sea. A day or two afterwards the crew were mustered on the quarter-deck, and John Akers, and we, these declarants, were mustered with the rest. The names of all the crew, including our names, were called over. The same day we were provided with suits of uniform, which we wore as long as we remained on board. The uniform was the same as that which the other sailors wore.

8. That about eight days after our first being put on board the "Chalaco" she arrived at Callao. Our uniforms were then taken from us, and we, namely, John Akers and these declarants, were again consigned to prison, and kept there until the month of November, 1875.

9. That no wages were paid to us, although we had been promised payment while on board ship.

And we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of an Act made and passed in the sixth year of the reign of his late Majesty King William IV, intituled "An Act to Repeal an Act of the present Session of Parliament, intituled an Act for the more Effectual Abolition of Oaths and Affirmations taken and made in various Departments of the State, and to substitute Declarations in lieu thereof, and for the more entire Suppression of Voluntary and Extra-Judicial Oaths and Affidavits, and to make other provisions for the Abolition of unnecessary Oaths."

Declared and subscribed at Liverpool, in the County of Lancaster, the 19th day of February, 1876, this declaration having in my presence been previously read over to the above-named Samuel Pergrien, who appeared perfectly to understand the same, and made his mark thereto in my presence.

(Signed) WILLIAM ROSS.
SAMUEL PERGRIEN, his ⋈ mark.

Declared and subscribed by the said William Ross at Liverpool aforesaid, the 21st day of February, 1876.

Before me,

(Signed) W. A. WEIGHTMAN,
A Commissioner to administer Oaths in the Supreme Court of Judicature in England.

Appendix VII.

Judicial Order for Impressment of Roberts.

From "La Gaceta Judicial," November 6, 1875.

EN la nota de 1 de Diciembre que tambien corre a f. 140 de los autos, se dice:—

"Señor Capitan de Navio, Mayor de Ordenes,

"Siendo de imperiosa necesidad que el maquinista que fué del vapor "Talisman," Don Alejandro Roberts, haga el viaje en aquel buque como encargado de la direccion de su maquinaria, y hallándose en casa-matas en la condicion de detenido, *bajo la jurisdiccion de este juzgado*, y en vista de lo urjente que es la comision á que se ha destinado dicho vapor, *esta Comandancia resuelvè que sè embarque en el "Talisman,"* durante el viaje, permaneciendo á bordo en la misma condicion de detenido y bajo la inmediata responsabilidad del comandante del expresado vapor.

Comunicolo, &c.

(Firmado) DIEGO DE LA HAZA.

Appendix VIII.

Declaration of the Chief Engineer as to his Impressment under direct sanction of the Peruvian Minister of War.

I, ALEXANDER ROBERTS, of 13 Mair Street, Kinning Park, in the county of Renfrew, engineer, do hereby solemnly and sincerely declare that upon the 5th day of May, 1874, I shipped at the Port of Glasgow as first engineer of the "Talisman," a British ship, duly registered at the port of Glasgow, for a voyage from Glasgow, via Cardiff, to Monte Video. That on or about the 2nd day of November, 1874, the said vessel was seized at Ilo by the Peruvian war ship "Huascar," and the whole of the crew, including myself, except the steward and cabin boy, were taken as prisoners on board of that vessel, and a prize crew, under the command of Captain Sanchez, a Peruvian officer, were placed in possession of the "Talisman." That the engineers so placed on board the "Talisman" being unable to work her engines, I was ordered back to assist them, while the vessel was being taken from Ilo to Callao, calling at Molendo. During the passage, which occupied three days, I was compelled to take a general charge of the engines, and to handle them myself on entering or leaving port.

That the "Talisman" arrived at Callao on the 6th day of November, at night, and that I was taken out of bed about 11·30 P.M. by Peruvian soldiers, and marched to prison. That I was detained in prison from the 16th till the 30th November, on which latter date, at 10·30 P.M., I was again taken on board the "Talisman," and ordered to take charge of her engines, by the Peruvian Minister of War, who was then on board, and gave the orders in Spanish, which were translated into English by Captain Sanchez, who is still in command of the "Talisman." That on examining the engines of the "Talisman," I found that some of the Peruvian engineers had been endeavouring to start them, but had been unable to do so, and that one of the pipes had burst. That I was ordered to rise early next morning, and take the pipe to the Pacific Navigation Company's Works for repair; and that I did so, being taken thither in charge of the captain, and one of the Peruvian soldiers as a guard. That the Peruvian President was then at Molendo, waiting for the Minister of War coming down with the "Talisman," and the Minister, through the Captain, as interpreter, informed me that he was anxious, on that account, to get the engines started, and the ship taken to Molendo with all possible despatch. That the "Talisman" had at this time troops on board, for transportation to Ilo. That on our way back, at Molendo, the "Talisman" took off those of her own crew who were still prisoners on board the "Huascar," and on arriving at Callao, on the 8th day of December, 1874, the crew of the "Talisman," including myself, were again consigned to prison, and kept there till the 17th day of November, 1875. That, at the request of the British Consul, a statement of the facts, as above stated, was prepared and handed by me to him. And I make this solemn declaration, conscientiously believing the same to be true.

Voluntarily made and subscribed before, and taken and received by me, at Glasgow, in the County of Lanark, this 3rd day of March, 1876.

(Signed) ALEX. ROBERTS.

Before me,
(Signed) GEORGE BROWNE,
Justice of the Peace for the County of Renfrew.

APPENDIX IX.

Declaration of Members of the "Talisman" Impressed on board the Peruvian Ironclad "Huascar."

We, John Wylie, of 4, Ropework Lane, Port Glasgow, Second Engineer; John Lorimer, of 1, Stow Place, Paisley, Fireman; and Archibald Livingston, of 15, Cranston Street, Glasgow, Trimmer, do hereby solemnly and sincerely declare, that upon the 5th day of May, 1874, we duly signed articles at Glasgow to serve on board the "Talisman," a British ship, duly registered as members of the crew in the respective capacities foresaid, for a voyage from Glasgow, viâ Cardiff to Monte Video. That on the 2nd day of November, 1874, the said ship was seized at Ilo, by the Peruvian war-ship "Huascar." and the whole of the crew of the "Talisman" except the steward and cabin boy, were taken prisoners on board the "Huascar," and kept on board from that date till the 5th December, 1874. That during the said period we, with the exception of the said John Wylie, were compelled to work, and treated in every way as if we had been part of her crew. That I, the said John Wylie, was compelled to work on board the "Huascar" from the 2nd to the 17th November, 1874. That from the 2nd November till 5th December, 1874, the "Huascar" was engaged, under the command of Captain Growl, a Peruvian officer, in active service connected with the suppression of an insurrection in Peru, carrying troops and munitions of war. That on arriving at Callao on 8th December, 1874, we were consigned to prison and kept there till the 17th November, 1875, and during the first fifteen days of our imprisonment we had neither bed nor bedding. And we make this solemn declaration conecientiously believing the same to be true, &c.

Voluntarily made and subscribed before, and taken, and received by me at Glasgow, this 3rd day of March, 1876.*

(Signed) JOHN WYLIE.
JOHN LORIMER.
ARCHIBALD LIVINGSTON, his ⋈ mark.

Before me,
(Signed) GEORGE BROWNE,
Justice of the Peace for the County of Renfrew.

APPENDIX X.

Declaration of James Scott as to his Impressment.

I, JAMES SCOTT, of 4, Moncrieff-street, Paisley, in the County of Renfrew, do hereby solemnly and sincerely declare that upon the 5th day of May, 1874, I shipped at the Port of Glasgow, as boiler-maker of the "Talisman," a British ship, duly registered for a voyage from Glasgow viâ Cardiff to Monte Video, &c. That on 2nd November, 1874, the said vessel was seized at Ilo by the Peruvian war ship "Huascar," and the whole of the crew, including myself, except the steward and cabin boy, were taken as prisoners on board of that vessel, and a prize crew, under command of Captain Sanchez, a Peruvian officer, were placed in possession of the "Talisman." That while a prisoner on board the "Huascar," I was compelled to do regular duty in her engine-room. That while at Ilo I was sent ashore with the chief engineer of the "Huascar,"

* Declarations similar to the above have been made by eight other members of the crew at present in Liverpool and elsewhere.

who was an Englishman, and compelled to repair two locomotive boilers at the railway station there, which had been put out of order by certain insurgents against the Peruvian Government. That while repairing the said boilers I was kept working day and night, and that notwithstanding of my objection to work at all, being a prisoner, and particularly of having to do so during the night. That on our way back, at Molendo, the "Talisman" took off those of her own crew who were still prisoners on board of the "Huascar," and on arriving at Callao on the 8th day of December, 1874, the crew of the "Talisman," including myself, except the cabin-boy, were consigned to prison. That I was kept in prison from that date till the 17th day of November, 1875. During the first fifteen days of my imprisonment I was withour either bed or bedding. And I make this solemn declaration conscientiously believing the same to be true, &c.

Voluntarily made and subscribed before, and taken and received by me, at Glasgow, in the County of Lanark, this 3rd day of March, 1876.

(Signed) JAMES SCOTT.

Before me,

(Signed) GEORGE BROWNE,

Justice of the Peace for the County of Renfrew.

APPENDIX XI.

Declaration of John Wallace, Cabin-boy, as to his Impressment as Servant of Captain Sanchez, of the Peruvian Navy.

I, JOHN WALLACE, of 309, Netherfield-road North, Everton, within Liverpool, in the County of Lancaster, cabin-boy, do solemnly and sincerely declare and state as follows:—

1. That I am sixteen years and eleven months of age

2. That I joined the steam ship "Talisman" as cabin-boy at Cardiff on or about the 15th May, 1874, for a voyage to Monte Video and other places.

3. That on or about the 2nd November, 1874, the said steamer, while lying at the Port of Ilo, in Peru, was captured by the "Huascar," a man-of-war carrying several guns, and belonging to the Peruvian Government.

4. That the "Talisman" was taken by the Peruvians from Ilo to Callao, having on board the chief engineer, the steward and myself. The rest of the crew had been removed and put on board the "Huascar" at Ilo.

5. That at Callao the chief engineer and the steward were removed to prison, and I alone of the crew of the "Talisman" was left on board.

6. That I was made to work as cabin-boy under Captain Sanchez, the Peruvian captain, who had charge of the "Talisman."

7. That although I was never consigned to prison, nor brought to trial before any tribunal of any fort, my position on board the "Talisman" while she was in the hands of the Peruvians was that of a prisoner. I was not allowed to go on shore except in company with some Peruvian officers or sailors.

8. That after being in the hands of the Peruvians for eleven months and a-half I was liberated on the 12th October, 1875. On that occasion the British Vice-Consul at Callao gave me a certificate, of which the following is a copy:—

"These are to certify that the bearer, John Wallace, was a boy on board the steamer "Talisman," British, and has been liberated, the said vessel being seized by the Peruvian authorities, and the crew imprisoned.

(Seal.) (Signed) "BRACEY R. WILSON,

"*British Vice-Consul.*

"*October* 12, 1875."

9. That I received from the Peruvians wages for ten months of the period during which I was working in their service. The wages which I received were at the rate of 10 dollars per month, which is equivalent to about 1*l.* 17*s.* 6*d.* in English money. The wages for which I shipped at Cardiff were at the rate of 3*l.* per month. About the same rate of wages is also paid for cabin boys by English vessels on the Pacific coast.

And I make this solemn declaration, conscientiously believing the same to be true, &c.

Declared and subscribed at Liverpool, in the County of Lancaster, this 21st day of February, 1876.

(Signed) JOHN WALLACE.

Before me,
(Signed) W. A. WEIGHTMAN,
A Commissioner to administer Oaths in the Supreme Court of Judicature in England.

APPENDIX XII.

Statement of John King, Second Mate of the "Talisman" (one of the men still imprisoned), as to his Treatment in Prison.

Abridged from the "Times" of July 26, 1875.

We let go the anchor in Pacasmayo Bay, and at 7 A.M. a launch with the second Captain of the Port and a Custom-house officer along with him. Our Captain went on shore with them, and left orders with the first Mate to send me on shore in the boat, if he wanted it. After some time I was told to go on shore. The Captain was on the Mole. . . . Then the Captain of the Port came alongside, and told us to go up the Mole, that our Captain wanted us. As soon as we reached there, we were informed we were prisoners. About an hour afterwards, a launch-load of soldiers went off to the steamer, but the passengers firing on them, they returned to us, placed us on the beach in the centre of some cavalry, put us in a line with three breach-loaders, and hunted us, like a pack of hounds, to prison. They knocked down the boy, and one of the men was cowhided on the back until blood came. We were imprisoned in a dirty hole, out of which we had to remove broken bottles, bricks, and rubbish, before we could sit down to be put in irons. Next day we were removed to St. Pedro, where we remained until the 20th of November. On the journey our arms were roped most cruelly from the shoulders to the fingers' ends, and were made quite black. We were not allowed any food but what our Captain gave us, and that was only what barely kept life in us. We were afterwards removed to the Bar, where we remained until the 12th of December, without bed or bedding. On that day we were placed on horses back to back of the soldiers, our legs being lashed under the horses' bellies. We were placed on board a man-of-war at Pacasmayo.

About the 16th of December we were put in Castle Matéo Prison at Callao, where we remained some time before the remainder of the crew came. All this time we never had received a change of clothes. Length of the cell, 106 feet (misprinted in the "Times" 146 feet) by 24 feet; ceiling 12 feet high. It is underground, consequently damp and badly ventilated. The ventilation consists of two air shafts 5 feet by 20 inches, barred. There is one window barred, 6 feet by 4 feet. There are two soil-tubs placed at the end of our den, which are used by every one and empted every morning. In our cell sometimes as many as ninety have been confined at one time, but never less than sixty. These are the lowest class of ruffians belonging to the country. They use the knife very freely among themselves. Never a week passes but some one is cut, but only one of the crew has been assaulted as yet. The water supply is very deficient, and no soap or cleaning allowed. The place is alive with vermin, and especially the boards on which we lie. Four of the crew have been sick, and one sent to the hospital, but not before he had lain seven days. Three letters were written to the British Consul, but no notice was taken of them.

Appendix XIII.

Copy of a Statement signed by a number of the Crew while in Prison, respecting their Treatment, of which the original was forwarded by me to Lord Derby, in a letter dated November 3, 1875.

Callao, September 12, 1875.

When taken prisoners we were ordered into the boat of the "Huascar," to go on board that ship—several being refused to take their clothes. Those that had any were not allowed to have them until they had been searched. Engineers, firemen, and sailors were at once put to do duty in their several stations, cook and mate excepted, the former being sick. All hands were kept doing duty in their respective watches, until we were removed on board our own ship on December 5, as prisoners for this place, where we arrived on December 8, 1874.

Some of the men went to the officer of the ship, and asked him for a change of clothes, for the ones that were on them were very dirty with working coals for two weeks, and they had no clothes of their own with them; but he told them to go and work, or go in irons.

When we arrived on board our own ship, we had to keep on deck all the time, night and day, from the 5th to the 8th. The cell or den in which we live in, 110 feet long, 24 feet broad, 14 feet high, and very badly ventilated, only having two small ventilators very closely barred. Being underground, is damp and quite dark. Lately a lamp has been placed at the end, and kept burning all day, making it a little better than formerly. Two soil tubs are placed at the end of the end of the cell every night, which are used by every one during the night; and the stench from them is abominable, particularly when they are emptied; formerly they used to remain all day in the cell, but not now. The boards on which we lie, are alive with vermin; and there is no soap or cleansing material allowed. Those who had nothing but what they stood in when taken, were in a very bad state. While political prisoners were here they were confined in the same cell with us, but they have all been liberated months ago. When liberated, our cell was filled up out of the other cells, so that we always have from seventy to ninety people in ours. They are of the worst description—thieves and murderers—and the knife is very often introduced when any fight takes place, which is frequent. We have to keep watch on our place, or they would steal all we have. When any robbery takes place, we are hustled out, and all hands are searched, not only our person, but sleeping and bed-clothing, &c.; and many little things are missed, such as tobacco, soap, &c. During the searching nothing has ever been found with any of us, still we are searched when any thing is lost. The food is bad, with the exception of bread. We are drawing the same rations as all the other prisoners, and never have had any different from them. When the politicals were here they had very much better rations than we. The breakfast consists of one pint of dirty water (we can call it nothing else), potatoes about 4 oz., beef 2 oz., bread $\frac{1}{4}$ lb; dinner—soup, rice, beef and bread, as in the morning. The only change we have is beans, which are seldom eaten by any of us; those are in lieu of soup and potatoes, and we get them twice and sometimes three times a-week. The beef is boiled to a rag, not a bit of strength in it, and of a bad quality.

One of us has had the ague, and is now in hospital. He was lying sick some days before removed, although repeated application was made for his removal. Two of our crew were promised to be sent to the hospital when the Consul was here last September first. Four of the crew complaining of sickness, the doctor was sent by the Consul. He also told the two above spoken of that they would be sent to the hospital, but have not gone yet. Medicine was sent for the others, but nothing for them. We got 100 soles from the Consul on December 22, 1874, sent anonymously for our benefit; and he also gave one of the gaolers two soles on the 19th of June, to get us a few things.

We can hear nothing as to when we are to be tried, and have been frequently told we should be liberated shortly—two or three weeks—and once by the head gaoler on the morrow, but it was only a hoax. Three of the men have received one pair of trousers, one serge shirt, one pair of boots, one serge jacket, and one blanket, on September 3rd; beds and blankets being given in December last.

Now, the very leaders who were on board the "Talisman," who landed from her in Ilo, along with the rest of them who were taken prisoners during the attempted revolution, have all been set at liberty several months ago; so that there is no person kept in prison now but the crew of the "Talisman," who have never broken either the

English or Peruvian laws, or if they did, it was unknown to them, and under compulsion. But they appear to be the only parties who are to suffer all the punishment.

Our cook has got out of his mind this last two or three weeks. He imagines that people here are going to kill him; even our own crew he thinks are going to do it. So that is a bad job for him. He was one of the party spoken about going to hospital, as another proof of our good treatment.

We, the Undersigned, do hereby declare that this is a true statement of our treatment.

(Signed) WM. FREEMAN.
JOHN BLAIR.
JOHN M'LEAN.
JOHN AKERS.
SAMUEL PERGRIEN.
HUBERTUS KUYPERS.
WM. M'MILLAN.
ANTOINE MINIUL.
ARCHD. LIVINGSTON.
ALEX. MARTIN.
RICHARD POWELL.

No. 13.

Mr. St. John to the Earl of Derby.—(*Received March* 18.)

(Telegraphic.) *Lima, March* 15, 1876.

TRIAL of "Talisman" officers continues; Sibley, first mate, killed by fellow-prisoner.

No. 14.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, March* 18, 1876.

WITH reference to your despatch of the 12th ultimo, I have to state to you that Her Majesty's Government cannot permit the trial of the "Talisman" prisoners to be delayed indefinitely. You will, therefore, insist on their being immediately brought to trial; and you will add that, should this be refused, Her Majesty's Government will be obliged to demand that the prisoners shall be released.

You will report to me at once what steps you have taken in the matter, and what is the present position of the case.

Instructions to the above effect have been sent to you this day by telegraph.

I am, &c.
(Signed) DERBY.

No. 15.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, March* 20, 1876.

HAVE heard with much concern of death of Sibley. Report the details by telegraph, and also fully by post.

No. 16.

Lord Tenterden to Mr. H. Sibley.

Sir, *Foreign Office, March* 21, 1876.

I AM directed by the Earl of Derby to state to you that his Lordship has received with very great regret a telegram from Mr. Spenser St. John, Her Majesty's Minister

at Lima, announcing that your son, late first mate of the steamer "Talisman," has been killed by a fellow prisoner.

Lord Derby has desired Mr. St. John to report at once by telegraph the particulars of this sad event, and to report fully thereon by post.

I am, &c.
(Signed) TENTERDEN.

No. 17.

Mr. John King to the Earl of Derby.—(Received March 22, 10·10 A.M.)

18, *Rosalind Street, Stanley Road, Liverpool,*
(Telegraphic.) *March 22, 1876, 9·43 A.M.*

WHICH of the officers is dead belonging to the steamship "Talisman?" I await your reply.

No. 18.

Lord Tenterden to Mr. J. King.

(Telegraphic.) *Foreign Office, March 22, 1876.*

SIBLEY is the officer killed.

No. 19.

Lord Tenterden to Dr. Cameron, M.P.

Sir, *Foreign Office, March 22, 1876.*

I AM directed by the Earl of Derby to acknowledge, with thanks, the receipt of your letter of the 17th instant, inclosing two copies of your pamphlet on the case of the "Talisman."

I am, &c.
(Signed) TENTERDEN.

No. 20.

Mr. St. John to the Earl of Derby.—(Received March 23.)

(Telegraphic.) *Lima, March 21, 1876.*

THE only punishment demanded by Public Prosecutor for "Talisman" prisoners our years' banishment from Peru. Will telegraph result.

No. 21.

Mrs. Sibley to the Earl of Derby.—(Received March 23.)

119, *Sandon Terrace, Oxton Road, Birkenhead,*
(Telegraphic.) *March 23, 1876.*

CAN you give me any particulars of my husband, first mate of "Talisman," or when I shall know particulars?

No. 22.

Lord Tenterden to Mrs. Sibley.

(Telegraphic.) *Foreign Office, March 23, 1876.*

TELEGRAPHIC instructions sent to Minister at Sierra Lima on 20th to send particulars about your husband by telegraph.

No. 23.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, March* 23, 1876.

I APPROVE the language held by you to the Peruvian Minister for Foreign Affairs, on the subject of the delay in the trial of the officers of the "Talisman," as contained in the correspondence, copies of which were inclosed in your despatch of the 12th ultimo.

I am, &c.
(Signed) DERBY.

No. 24.

Mr. St. John to the Earl of Derby.—(Received March 25.)

(Telegraphic.) *Lima, March* 23, 1876.

SIBLEY wounded in scuffle for possession of bedroom, died six days after wounded. Sibley blameless. No discipline in Callao prison.

No. 25.

Mr. Fair to Mr. Bourke.—(Received March 25.)

Sir, *The "Craven" Hotel, Craven Street, Strand, March* 24, 1876.

INCLOSED I beg to hand you a copy of a letter which I have sent to the "Times" for insertion. By it you will see my position in connection with this affair.

I am, &c.
(Signed) WILLIAM FAIR.

Inclosure in No. 25.

Mr. Fair to the Editor of the "Times."

Sir, 81, *Regent Road, Liverpool, March* 23, 1876.

IN the report contained in your issue of the 22nd, of the debate on Dr. Cameron's motion, Mr. Bourke is represented to have said that "the party or parties who bought the vessel were represented by a Mr. Fair, who superintended the fitting out of the vessel after the sale, and also engaged the crew," and "that no doubt he was acting for Pierola."

I beg to inform you that my only connection with the vessel was that I was employed by Messrs. Moran, Galloway, and Co., shipowners, Liverpool, as a consulting engineer, and, in the ordinary course of my business, to inspect and survey and to report upon the vessel prior to her purchase. I reported favourably of her, and she was accordingly purchased.

I never had any transaction either directly or indirectly with Pierola, nor was I in any way acquainted with him; indeed, I had never heard his name until I read the newspaper report of the seizure of the vessel.

While in Glasgow I was requested by Messrs. Moran, Galloway, and Co., who employed me, to allow the vessel to be temporarily registered in my name until she came round to Liverpool, when she would be transferred to Mr. Galloway. I found out afterwards that she went to Cardiff instead of to Liverpool, and the change was not effected till the nature of the voyage became known, when I compelled Messrs. Moran, Galloway, to do so.

I had nothing to do with the fitting out of the vessel, either before or after the sale (except as regards her machinery), and I had nothing to do with engaging the crew, or with her loading or sailing. In fact, I knew nothing whatever of her destination, and I had no interest whatever in her, or in her cargo or voyage.

Trusting to your kindness to give insertion of this letter in your next issue, I am, &c.

(Signed) WILLIAM FAIR.

No. 26.

*Lord Tenterden to Mrs. Sibley.**

Madam, *Foreign Office, March* 25, 1876.

WITH reference to my telegram of the 23rd instant, I am directed by the Earl of Derby to inform you that a telegram has just been received from Her Majesty's Minister at Lima, stating that your late husband was wounded in a scuffle for the possession of a bedroom, and that he died six days after the infliction of the wound. Her Majesty's Minister adds that your husband was blameless in the matter.

I am, &c.

(Signed) TENTERDEN.

No. 27.

Dr. Cameron, M.P., to Lord Tenterden.—(Received March 25.)

My Lord, 80, *St. George's Square, London, S.W., March* 25, 1876.

ON Thursday evening I received a telegram from Mrs. Sibley, the widow of the mate of the "Talisman" who was last week murdered in Peru, inquiring whether the statement of the fact, which she had read in the papers, was true. From this it would appear that there must be some difficulty in the way of communication between Mrs. Sibley and her father-in-law, to whom, I understand, intelligence of the fact was sent on Monday. Mr. Bourke stated that the Foreign Office had telegraphed for details, and on my mentioning to him the circumstance of Mrs. Sibley having had to apply to me for information as to the truth of the newspaper statement, authorized me to request your Lordship to have any details on the subject which might reach the Foreign Office transmitted to me with a view to their being immediately forwarded to the unfortunate widow.

I have, &c.

(Signed) CHARLES CAMERON.

No. 28.

Lord Tenterden to Dr. Cameron, M.P.

Sir, *Foreign Office, March* 25, 1876.

WITH reference to your letter of this day's date, I am directed by the Earl of Derby to inform you that a telegram has just been received from Her Majesty's Minister at Lima, dated the 23rd instant, stating that Mr. Sibley was wounded in a scuffle for the possession of a bedroom, and that he died six days after the infliction of the wound. Her Majesty's Minister adds that Sibley was blameless in the matter.

This information has been communicated direct to Sibley's father and widow.

I am, &c.

(Signed) TENTERDEN.

No. 29.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, March* 28, 1876.

REPORT by telegram how case of "Talisman" is proceeding. We wish to know as soon as trial concludes or prisoners are released.

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* A similar letter was sent to Mr. Sibley.

No. 30.

Lord Tenterden to Mr. Fair.

Sir, *Foreign Office, March* 29, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 24th instant, and its inclosure, explaining your connection with the fitting out of the "Talisman."

I am, &c.
(Signed) TENTERDEN.

No. 31.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, March* 30, 1876.

WITH reference to my despatch of the 23rd instant, and to previous correspondence, I transmit to you herewith a copy of a pamphlet published by Dr. Cameron, M.P. for Glasgow, upon the case of the "Talisman," which he has lately brought before the House of Commons.

I also inclose copy of a letter from Dr. Cameron, forwarding copies of letters from some of the crew of that vessel, relative to the treatment they received while in prison at Callao.

You will see from the reports in the newspapers of the debate that took place in the House of Commons upon this subject, that the case of the "Talisman" has attracted considerable attention in this country, and that a strong impression exists that not only were the crew of that vessel kept in prison an unreasonable time without trial, but also that they were treated, while in prison, with unjustifiable cruelty.

It is a question whether the crew may not claim compensation on account of their long detention and harsh treatment; and in order to enable Her Majesty's Government to come to a decision upon this question, I have to instruct you to obtain and forward to me a full report from Her Majesty's Consul at Callao as to the treatment of the prisoners, with especial regard to the statements contained in the inclosed pamphlet and letters; and you will accompany Mr. March's Report with any remarks you may have to make thereon, and with any further information you can supply bearing upon the subject.

Her Majesty's Government have learnt with very great regret from your telegrams of the 15th and 23rd instant, that Mr. Sibley, the first mate of the "Talisman," who was one of the officers detained for trial after the release of the crew, has been killed by a fellow prisoner.

I do not doubt that you have already inquired closely into the circumstances attending Sibley's death, which would appear from your telegram of the 23rd instant to have been in great measure owing to the bad management of the prison in which he was confined; but, should you not have done so, you will at once make strict inquiry into the matter; and you will report to me how far, in your opinion, the Peruvian Government are responsible for Sibley's death.

I am, &c.
(Signed) DERBY.

Inclosure 1 in No. 31.

Pamphlet entitled "The Case of the steam-ship 'Talisman,'" by Charles Cameron, LL.D., M.P. for Glasgow.

[See Inclosure in No. 12.]

Inclosure 2 in No. 31.

Dr. Cameron to the Earl of Derby.

My Lord, 1, *Huntly Gardens, Hillhead, Glasgow, November* 3, 1875.

SOME weeks ago I received from the Foreign Office an extract from a despatch of Mr. St. John, Her Majesty's Minister at Lima, relative to the treatment of the crew of the British steamship "Talisman" in Callao prison. Since then I have had forwarded to me from different quarters a number of communications from the imprisoned men to their relatives in this country. You will see from documents inclosed that on every material point their evidence is at direct variance with Mr. St. John's. That gentleman says the cell or casemate in which they are confined is spacious and airy. They describe it as a noisome dungeon, filthy and wretched in the extreme. As to the class of prisoners with whom the "Talisman's" crew are confined, Mr. St. John says, "They are those waiting trial, and for a long time were principally persons concerned in an insurrection in the south." On the other hand, Mr. King, the second mate, in a letter to his brother-in-law, says, "At the present time (September 12, 1875) there are 83 of us in the same cell, of which there are 7 in for murder; 10 for stabbing; 22 for stealing, robbery, house-breaking; and 2 for shooting, besides 20, possibly the men referred to by Mr. St. John, who had been concerned in a mutiny at Arequipa. I am astonished that Mr. St. John has never received any complaints as to the quality and quantity of the food furnished to the prisoners. Almost all the letters from the prisoners which I have seen complain bitterly of the character of the food allowed them, and in the documents which I append, I give but a very small sample of the complaints on that score which have reached me. In fact, the men unanimously protest that, were it not for the aid which they receive from British workmen in Callao, they could not have lived on their rations.

The treatment of the prisoners in prison, however, seems to me, after a careful study of the case, to be really a secondary point. If the men are justly imprisoned, we have no right to complain of the severity of the prison rules of Peru. What I wish to show your Lordship is that their imprisonment for one year without trial is a proceeding justified by no precedent in Peruvian judicial procedure; held to be incompetent and unlawful by one Peruvian Judge and justified only by an opinion of counsel—that of an Attorney-General it is true, but still only an opinion of counsel—on a point apparently for the first time raised in the annals of Peruvian legal procedure. To explain this your Lordship must pardon me if I go into the matter in some little detail. The crew of the "Talisman," I learn from the records of the Glasgow Shipping Office, numbered in all (including the master) eighteen men, of whom seventeen were British subjects. I inclose a list of their names and the wages at which they shipped, from which you will see that there was nothing in the shape of pay to render them suspicious of the objects of the voyage. Having, in the most open manner, shipped a cargo of arms and ammunition at Cardiff, the "Talisman" proceeded to South America, and, after touching at various places, lay for six weeks at Coronel—a small Chilian port—awaiting instructions. This long delay may have been somewhat unusual, but during it the Port Captain and British Consul frequently visited the vessel, and from neither of them did the crew receive a word of warning. From Coronel the "Talisman" went to Quinteros, another Chilian port, when she took on board forty-eight passengers and cleared for Vancouver Island, with leave to touch at a Peruvian port. Arrived at Pacasmayo, in Peru, the captain went ashore, ostensibly to ask permission to mend a broken piece of machinery, when the authorities, discovering some irregularity in his papers, arrested him, together with four of his men who accompanied him. Up to this time, I would ask your Lordship to observe, no offence of any sort had been committed, and there is no reason to imagine that the men arrested along with the captain knew anything of his intentions, and yet they have been most cruelly treated and kept in close imprisonment for a year.

Having seized these men, the Captain of the Port proceeded on board the "Talisman," followed by a boat containing sixteen soldiers. Then, for the first time, the passengers embarked at Quinteros—who turned out to be a band of Peruvian conspirators—showed themselves to the crew in their true colours; for having armed themselves, they seized the Port-Captain and his boat's crew, and firing upon the soldiers compelled them to retreat. Then, literally revolver in hand, they compelled the remainder of the "Talisman's" crew to work the ship according to their orders, and compelled the Port Captain's crew to assist them. After remaining at sea about eight days they landed at Ylo, and the Peruvian iron-clad "Huascar" coming in sight,

they seized the railway, and made their escape into the interior. The "Talisman's" crew made no attempt to escape, as they would certainly have done had they been confederates of the rebels. They were taken prisoners and conveyed on board the "Huascar," where they were kept several weeks, and during that time they were compelled to do duty at their respective stations as they had been by the rebels in their own vessel. Here, I would point out, was another very irregular proceeding, and one amounting, in fact, to an outrage on the British flag. I am convinced that the crew knew nothing of the intentions of the ship, and in any case until they are proved guilty they are entitled to be considered innocent. But, innocent or guilty, I think there cannot be the shadow of a legal justification for sailors under the protection of the British flag being compelled to work for weeks on board a Peruvian man-of-war. From the "Huascar" the crew were conveyed to prison in Callao, whither the men who had been captured with the captain had been sent before them, and there they have remained ever since. A year has elapsed since their arrest, but they have not even been brought to trial.

Now, the real question at issue, as I have said, is the legality of this prolonged imprisonment of untried men. The Judge who presided at the Prize Court was of opinion that having examined the crew the Peruvian law contained no warrant for their further detention. The Government thinking differently asked an opinion of the Peruvian Attorney-General. That gentleman (I found upon the translation of the document published in the "South Pacific Times" of February 28, 1875) gave it as his opinion that the men could be tried on a charge of piracy, but there was a difficulty about the proper mode of procedure; and arguing, not from the law of Peru, but from various foreign precedents, the relevancy of which I submit is at least open to dispute, contended that so long as the case of the ship remained in the Prize Court, all documents and witnesses in the case must remain in custody of the officials of that Court. They could not, therefore, he argued, until the vessel was condemned, be brought under the jurisdiction of the criminal authorities so as to be dealt with on the charge of piracy. The vessel was condemned in June, but the captain (whose imprisonment has been of a much less rigorous description than that of the crew) having appealed, the matter has all to be gone into over again, and it is impossible to say when the men will be brought to trial. Meanwhile, they are suffering an imprisonment as severe as if they had actually been convicted of the offence libelled, while the Peruvian rebels who were engaged in the attempted revolution, and who were subsequently captured and imprisoned with them, have all been liberated long since (see extract from "South Pacific Times" of September 18, 1875); and this, my Lord, when there is nothing to show that the crew knew anything of the destination of the arms and ammuuition on board the "Talisman" or the designs of her commander, when several of them were captured before any offence had been committed, and when the rest had merely assisted the rebels in working the "Talisman," as they afterwards assisted in working the "Huascar," under irresistible compulsion. The point, however, which I at present wish to urge upon your Lordship is that the justification of the detention of these men for twelve months without trial rests solely on an *ex parte* opinion of counsel. It is surely not asking very much to claim for them as British subjects that they should be provided with such protection as legal assistance could give them, and that, whatever their legal rights according to the laws of Peru and the Law of Nations, these may be enforced. The men are absolutely penniless, dependent on the charity of British workmen at Callao for clothing, and some almost indispensable additions to their prison rations. It is of little use the Minister and Consul visiting the prison and saying they can do nothing to hasten the trial. The first step to be taken is to test the soundness of the Peruvian Attorney-General's opinion as to the legality of their detention. Even if the men are brought to trial without legal assistance they must stand at a great disadvantage.

Your Lordship must pardon me if I have entered into this matter at too great length; but the case of these men, whom their friends firmly believe to have been innocent of all knowledge of the real object of the "Talisman's" voyage, is a very hard one. The reason of one of them has already given way under his sufferings. The case of the families of many of them at home is very distressing. So far, not even a *primâ facie* case has been made out against them, and it seems to me that it is the duty of the Government of Great Britain to see that its subjects obtain fair play—I ask for nothing more—abroad.

I inclose several documents relating to the matter, and remain, &c.,

(Signed) CHARLES CAMERON.

Inclosure 3 in No. 31.

Copies of Documents referred to in foregoing Letter.

(Originals very illegible, sent in separate envelope.)

List of Crew of "Talisman."

Extracted from Records of the Shipping Office, Glasgow.

List of the crew of the "Talisman," No. 650.71, Glasgow, built 1872, tonnage 134, name of master, George B. Haddock; shipped for Monte Video, viâ Cardiff, May 5, 1874:—

		A Month.		
		£	*s.*	*d.*
1.	Henry Sibley (33), London, mate	15	0	0
2.	John King (24), Ardrossan, second mate	6	6	0
3.	Alex. Martin (30), Stornoway, carpenter	8	0	0
4.	Richard Powell (40), Hereford, steward	8	0	0
5.	John Blair (23), Macduff, A.B.	4	10	0
6.	Dan White (40), Greenock, A B.	4	10	0
7.	Wm. Ross (22), Banffshire, A.B.	4	10	0
8.	John M'Lean (29), Argyll, A.B.	4	10	0
9	Hubertus Kuypers (19), Holland, O.S.	3	0	0
10.	Alex. Roberts (33), Dumbarton, 1st engineer	20	0	0
11.	John Wylie (33), Barrhead, 2nd engineer	16	0	0
12.	Jas. Scott (35), Greenock, boilermaker	10	0	0
13.	John Lorimer (47), Ayr, fireman	5	5	0
14.	Wm. Freeman (28), Port-Glasgow, fireman	5	5	0
15.	John Phillips (35), Glasgow, fireman	5	5	0
16.	Wm. M'Millan (19), Greenock, trimmer	4	10	0
17.	Arch. Livingston (19), Tobermory, trimmer	4	10	0

Statements of Crew.

Statement signed by a number of the crew of the "Talisman," and forwarded by William Freeman:—

"*Callao, September* 12, 1875.

"When taken prisoners we were ordered into the boat of the 'Huascar,' to go on board that ship—several being refused to take their clothes. Those that had any were not allowed to have them until they had been searched. Engineers, firemen, and sailors were at once put to do duty in their several stations, cook and mate excepted, the former being sick. All hands were kept doing duty in their respective watches until we were removed an board our own ship on December 5, as prisoners for this place, where we arrived on December 8, 1874. Some of the men went to the officer of the ship and asked him for a change of clothes, for the ones that was on them was very dirty, with working coals for two weeks, and they had no clothes of their own with them, but he told them to go and work or go in irons. When we arrived on board our own ship we had to keep on deck all the time, night and day, from the 5th to the 8th. The cell or den in which we live in, 110 ft. long, 24 ft. broad, 14 ft. high, and very badly ventilated, only having two small ventilators very closely barred, being underground, is damp and quite dark. Lately a lamp has been placed at the end and kept burning all day, making it a little better than formerly. Two soil-tubs are placed at the end of the cell every night, which are used by every one during the night, and the stench from them is abominable, particularly when they are emptied; formerly they used to remain all day in the cell, but not now. The boards on which we lie are alive with vermin, and there is no soap or cleansing material allowed. Those who had taken nothing but what they stood in when taken were in a very bad state. While political prisoners were here they were confined in the same cell with us, but they have all been liberated months ago. When liberated, our cell was filled up out of the other cells, so that we always have from seventy to ninety people in ours. They are of the worst description—thieves and murderers—and the knife is very often introduced when any fight takes place, which is frequent. We have to keep watch on our place, or they would steal all we have. When any robbery takes place we are hustled out, and all hands are searched, not only our person, but sleeping and bed clothing, &c., and many little things are missed, such as tobacco, soap, &c. During the searching nothing has ever been found with any of us, still we are searched when anything is lost. The food is bad, with the exception of bread. We are drawing the same rations as all the other prisoners, and have never had

any different from them. When the politicals were here they had very much bette rations than we. The breakfast consists of 1 pint of dirty water (we can call it nothing else); potatoes, about 4 oz.; beef, 2 oz.; bread, ¼ lb. Dinner—soup, rice, beef, and bread as in the morning. The only change we have is beans, which are seldom eaten by any of us; those are in lieu of soup and potatoes, and we get them twice and sometimes three times a week. The beef is boiled to a rag, not a bit of strength in it, and of a bad quality. One of us has had the ague, and is now in hospital. He was lying sick some days before removed, although repeated applications was made for his removal. Two of our crew were promised to be sent to the hospital when the Consul was here last September 1; four of the crew complaining of sickness, the doctor was sent by the Consul. He also told the two above spoken of that they would be sent to the hospital, but they have not gone yet. Medicine was sent for the others but nothing for them. We got 100 soles from the Consul on December 22, 1874, sent anonymously for our benefit, and he also gave one of the jailers two soles on the 19th of June to get us a few things. We can hear nothing as to when we are to be tried, and have been frequently told we should be liberated shortly—two or three weeks—and once by the gaoler on the morrow, but it was only a hoax. Three of the men have received one pair of trousers, one serge shirt, one pair of boots, one serge jacket, and one blanket, on September 3; beds and blankets being given in December last. Now, the very leaders who were on board the 'Talisman,' who landed from her in Ilo, along with the rest of them who were taken prisoners during the attempted revolution, have all been set at liberty several months ago, so that there is no person kept in prison now but the crew of the 'Talisman,' who have never broken either the English or Peruvian laws, or, if they did, it was unknown to them and under compulsion. But they appear to be the only parties who are to suffer all the punishment. Our cook has got out of his mind this last two or three weeks. He imagines that people here are going to kill him; even our own crew he thinks are going to do it. So that it is a bad job for him. He was one of the party spoken about going to hospital, as another proof of our good treatment.

"We, the Undersigned, do hereby declare that this is a true statement of our treatment.

(Signed) "WM. FREEMAN.
"JOHN BLAIR.
"JOHN M'LEAN.
"JOHN AKERS.
"SAMUEL PERGRIN.
"HUBERTUS KUYPERS.
"WM. M'MILLAN.
"ANTOINE MINIUL.
"ARCHD. LIVINGSTONE.
"ALEX. MARTIN.
"RICHARD POWELL."

John Lorimer's Statement.

Extract from a letter from John Lorimer to his wife, dated September 11, 1875:—

"I see from the answer that you got from Mr. Holms, and from the answer to Dr. Cameron in the House of Commons by Mr Bourke, the Under-Secretary, that he is under a mistake so far as regards our treatment here. He says that we are confined with political prisoners, which was true for a short time, but they were all liberated. Even some of the leaders who were on board of the 'Talisman' and landed from her in Ello [Ylo] along with the rest of them, but who were taken prisoners during the attempted revolution, have all been set at liberty several months ago. There is no person kept in prison now but the 'Talisman' crew, who have never broken either English or Peruvian law; or, if they did, it is as unknown to them and under compulsion, and they appear to be the only parties who are to suffer the punishment; and when they were liberated, our cells were filled up with criminals from the other cells. Since then we have been the close companions of thieves and murderers of the worst description, and they are a terrible lot. On the least fall out among themselves the knife is drawn and used, cutting and slashing each other fearfully. Several of them have been taken to the hospital with their

wounds: that is good company to be living with night and day. He says that our food is not on the whole bad, and that ours is a little better than the others; but it is not true. We never have received anything but the regular rations of the prison, served out at the same time and place as other prisoners. The rations are bad in quality unless the bread, which is good; but like everything else that is good, there is too little of it. We are served with meals, the first at 10 A.M., which consists—bread, 4 oz.; beef, 2 oz.; potatoes (bad), 4 oz.; and a pint of hot water in name of soup or broth. The second meal at 4 P.M. Bread and beef the same as before; a little rice, a pint of potato soup, or two or three times a week for a change a pint of boiled beans, that is our day's allowance. You can judge for yourself if that is good feeding. If it had not been for the employés of the Peruvian Steam Navigation Company raising a subscription and giving us a little money now and then, we would have had many a hungry weary day of it. We can't be thankful enough to God for raising us up such good friends to help us in our need. We received a mattress each in December last, and those who lost their clothes got a blanket. The boards that we lay upon are alive with vermin, and we cannot keep ourselves clear of them, do all we can. If that is well lodged it is a caution. As for clothes, each wears his own, and those who lost theirs might have went naked for anything that was done for them. The men who were taken at Pacasmayo, 23rd October, 1874, and part of the men who were taken with the ship in Ello, lost all their clothes but what they stood in, and have never received any clothes since; only what they got from friends up to this week, when Her Majesty's Consul sent to three of them one pair trousers, one pair boots, one jacket, one shirt, and one blanket in place of one jacket; but the others have got nothing as yet. The Consul sent word that he was coming to see them, but we don't know when. You will see from the above that we have been pretty hardly dealt with. There has been one of the sailors in the hospital this last five months with the ague, and he is not likely to get better, at least, not as long as he is in this country, and it was brought on him by the usage that he got when taken in Pacasmayo and in San Pedro prison before that he was brought up here, and after being here without clothes. Our cook has got out of his mind this last two or three weeks. He imagines that people are going to kill him; he even says that some of our own crew are going to kill him. He was to have went to the hospital on the 1st September, but he is not gone yet, and that is another proof of our good treatment. We do not hear anything about when we are likely to be tried, but it has been mentioned twice within this last ten days in the Peruvian newspapers that the case of the ship is proceeding in the Superior Court, but that is all we know about it; but there is another Court he can appeal to if he is not satisfied with the decision of this Court."

James Scott's Statement.

Extract of a letter from James Scott to his brother, dated September 13, 1875:—

"*Casas Matas, September* 13, 1875.

"Mr. Bourke said we were confined with certain political [prisoners] of rank. We were when we came here first; there were political prisoners in the same cell with with us, but they were not long; they were all liberated, and our cell was filled up with criminal prisoners, such as murderers and thieves; and for the diet, it is no better than is given to the best of the criminals that are here. We are treated the same as if we were thieves and murderers, for there is no respect of persons here. The two officers' statements you have seen in the papers is quite true. The cell we are in is 110 feet long, by 24 by 14, and very damp. We are locked up from 6 o'clock at night to 6 o'clock in the morning, with about seventy or eighty of us all together; so you see how matters stand with us here. It is the men in the Pacific Company's Works, both afloat and ashore, that the 'Talisman's' crew have to thank for their keep. I don't know what the crew would do without them. They are very kind-hearted men. When they ought to be resting after their day's work they have to work for the 'Talisman's' crew in getting money to keep them a little better."

John L. Ross's Testimony.

Extract of a letter addressed to Dr. Cameron by John L. Ross, brother to one of the prisoners, who visited him in prison :—

"17, *Chapel Street, Birkenhead, August* 16, 1875.

"I tried hard to get a look into that cell, but the jailor would not let me on any terms. The stench around the place is quite dreadful. The prison is situated in a hollow, and there is never a breath of fresh air gets to it."

Extracts from "South Pacific Times" of September 18, 1875.

"We believe that at the present time there are no political prisoners in confinement for participation in the Pierola revolution. Those who were imprisoned for the attack on the Callao Castle have been liberated, and even those who attempted the life of President Pardo are free. It consequently appears very strange that the officers and crew of the 'Talisman' have not yet heard what their fate is to be, though their trial is said to have been concluded. With the officers we do not sympathize in the least, but we believe it has been satisfactorily proved the men were ignorant of the real object for which they were shipped.

"An inspection of the prisons has led Señor Leon to recommend the removal of the prisoners from Callao to the Lima Penitentiary. The filthy and unwholesome state of the Callao prisons has long been known, and it is to be hoped that humanity will lead the Council to approve the proposed removal."

No. 32.

Mr. St. John to the Earl of Derby.—(Received April 1.)

My Lord, *Lima, February* 28, 1876.

I HAVE the honour to inclose a copy and translation of the sentence of condemnation pronounced on the steamer "Talisman." There appear to be a few weak points in the argument, but on the whole it may be considered substantially just.

I have, &c.

(Signed) SPENSER ST. JOHN.

Inclosure in No. 32.

Sentence of Prize Court on the Steam-ship "Talisman."

(Translation.)

JULIAN SANTOGADEA, Advocate of the Tribunals of the Republic and Secretary of the Chamber of the illustrious Superior Court of the Judicial District of Lima, certifies: That in the trial relative to the capture of the steamer "Talisman" the following Decrees have been pronounced :—

In view of the despatches entered in folios 3, 6, 9, in which Captain Don Miguel Grau, commanding the war-steamer "Huascar" informed the Supreme Government that, on the 2nd of November last, he captured in the small port of Pacacleas the steamer "Talisman" under the English flag, as she was discharging the remainder of the arms, ammunition, clothing for troops and other war material destined to provoke and incite to civil war in the Republic; and the said steamer and her crew were therefore placed at the disposal of this Court by a Supreme Decree: That in conformity with the existing law on prizes of April 29, 1822, and with the general practice established by the right of nations, a trial was instituted, the result being that it is clearly proved: That the steamer "Talisman" was freighted and fitted out at Glasgow, and taken to Cardiff in May of the present year, where the only cargo embarked was a large and excellent armament for the use of an expedition having for its object the overthrow of the legally constituted Government of our country: that with this cargo on board, the master of the "Talisman," Don Jorge Haddock, sailed for Chili, stating in the various ports in which he touched that his vessel was laden with machinery and

iron, and arriving at last in the non-recognized—as a place of disembarcation—port of Quinteros, where, in the space of only four hours, he secretly embarked forty-nine or fifty persons, the majority being ex-officers of the army, all under the command of D. Nicolas de Piérola. Chief of the expedition, and sailed at once to the port of Caldera, where he obtained a licence stating he was cleared for Vancouver Islands, but instead of taking the vessel to that place, the master and mate, who were acquainted with the cargo of arms they were conveying, and who had just embarked the expeditionary party, placed themselves under the orders of one of the number, Don Guillermo Bogardus, and changed the course; instead of putting into this port of Callao, where they would have found all necessaries to enable them to continue their voyage, they kept twenty miles to the west in order not to be seen on their passage to Pacasmayo, where the expedition intended to land: that having arrived and anchored in that port in the morning of the 29th of October, the Captain of the "Talisman" went on shore under the pretext of requiring repairs to a piece of the engine, which was only a pretext, as a few hours later the vessel proceeded on her voyage south without requiring any repairs, the true object of calling in that port having been proved to be a wish to hold an interview with Don Manuel Pinedo, and to prepare, with his help, for the landing of the expedition, which, however, could not be effected in view of the defence prepared by the authorities and the public force. Under these circumstances the Captain of the port, Don Daniel de la Foire Ugarte, together with the employé of the Coast Guard, Don Roberto Barba, proceeded to the steamer "Talisman" to make the customary visit, and on going on board were assailed with revolver shots by the expeditiouary party, and the crew of their boat fired upon by musketry, which obliged them to throw themselves into the sea, out of which they were taken and captured. The vessel left immediately for the south under the command and direction of the mate, Don Enrique Sibley, as Captain Haddock had been made prisoner on shore. After making their voyage with care and vigilance they arrived on the 1st of November last at the creek of Sacochas, where, in all haste, they landed the greater part of the rifles, ammunition, clothing for troops, and the persons implicated who had come to disturb the country, as they did disturb it, by taking possession of the city of Moquequa, where they organized the forces which disturbed public order, while the "Talisman," which was ready for flight, was seized the next day by the steamer "Huascar," with the remainder of the arms and clothing on board, as stated in the detailed inventory which was made upon the arrival of the vessel in this port, and upon her being placed at the disposal of this Court; an inventory which is drawn up on an annexed piece of paper: that the truth or full proof of all the above events and circumstances is made manifest by the despatches in folios 3, 6, 9, the declarations of the captors, Post Captain Don Miguel Grau, Commander Don Leopoldo Sanchez, Lieutenant Don Diego Ferré, Captain of the Port of Pacasmayo, Don Daniel de la Toire Ugarte, Inspector of the Coast Guard, and the boat's crew which was captured, and entered at folios 10 to 25; and also by the declarations of the prisoners Captain Haddock, mates Sibley and King, engineers and crew, and the investigations spontaneously made by the zeal of authorities of the Republic of Chili, corroborating what took place in the ports of that country; and sent to this Tribunal by the proper conduct, and which are attached, should also be borne in mind.

And taking into consideration—

1stly. That it is a generally recognized principle, as well by Treaties and the practice of nations as by our laws and regulations, that the right exists to seize all vessels found in the waters off the coast subject to the jurisdiction of the State, conveying enemies and goods belonging to enemies, or war material, in which number is included the "Talisman," which vessel came with the purpose of creating civil war, and she must, therefore, together with her cargo, suffer the fate of property appertaining to an enemy.

2ndly. That the above principle must be applied not only to the cargo considered as contraband of war, but also to the vessel, which, although she may have been freighted privately, without her destination and object having been expressed, is still subject to suffer the consequences liable to occur to a ship destined to carry war into a nation, when, as in this case, expressly armed and fitted out, she came to the coasts of Peru, under the orders of the champion of the revolution.

3rdly. That there is an aggravating circumstance which tends to condemn the "Talisman," and that is the falsification of her papers, as the licence she obtained in Chili was for Vancouver's Island, but the course was changed by agreement with one of the principal conspirators, in order to land on the northern coast, where they calculated to carry out their plans; that there was also deceit on the part of the Captain,

by omitting the number or description of the passengers he embarked, as also in describing the cargo, which he stated to consist of merchandize and machinery, when, as is proved, the Captain and mates knew it was composed of arms, which the passengers used at Pacasmayo to fire upon the authorities at that port; and, lastly, the most aggravating circumstance being that the whole of the cargo of the "Talisman," consisting of contraband of war, was conveyed under the protection of the English flag, abusing, therefore, that protection, and breaking the severe laws of that nation.

4thly. That the absence of papers or documents is sufficient to condemn the vessel according to the regulations relative to prizes. The document presented as the register, as appears in folio 30, is only a certificate of registry, and not a title of possession; that the passport, clearance, bills of lading, and charter-party are all altered on purpose to fulfil their true object.

5thly. That the log-book, or diary of navigation, has no entry of the vessel having put into Quinteros, where the expeditionary party was embarked, nor of the course steered afterwards, nor of the reason for touching at Pacasmayo, nor of the change in the course towards the Creek of Pacocleas, all of which omissions tell against the vessel and her cargo.

6thly. That these papers and documents were carefully examined by the Tribunal, in the presence of Captain Haddock, when he was sent to this province, as is stated at folio 39, it not having been found possible to make this examination previously on board, as it appears that Captain Haddock took several of these documents on shore at Pacasmayo, and that neither he nor the Captain of that port could go into the matter, as they were both prevented from doing so, the former by being detained at port, and the latter owing to being made prisoner on board the "Talisman;" and that during the course of this examination later on, letters were found, which are entered at folio 180, by which the principal prisoners express their hope to become rich through the good result of the expedition.

7thly. That ignorance on the part of the Captain and mates of the contents of the cargo cannot be allowed as a legitimate excuse, because, in their declarations, entered at folios 40 and 43, they state they thought it consisted of arms, as the boxes of the description on board are well known.

8thly. That the principle that the neutral flag covers the cargo cannot be admitted in this case, because, as the latter consists of contraband of war, the principle in question does not extend to the fraudulent use of the flag to cover an enemy's property in the vessel and cargo; and, besides, the latter is included in the prohibition of Article 116 of the Commercial Code, which orders the seizure of arms and ammunition introduced into the country,—a prohibition violated by the "Talisman."

9thly. And, besides, it must be remembered that it is inherent in the sovereignty of the nation to judge the offences committed in her territory; and those attributed to the Captain and mates of the "Talisman" appertain to the ordinary criminal jurisdiction, as having been committed against the Republic in her territorial waters, and for having committed piratical and hostile acts in the ports of Pacasmayo and Pacocleas, where they were taken *in fragante delicto*.

10thly. That in conformity with the provisions of the Penal Code, the foreigners who attack the sovereignty of the nation, pirates, those who without authority from the Government commit acts of hostility against another nation, rebels, as designated in Articles 114 and 118, paragraphs 1 and 2, Articles 119, 122, 123, and 127 of the said Code, are guilty, and subject to be punished by the law,—in view of the above expressed reasons, and in conformity with the decision of the Attorney-General, and after hearing the evidence of the capturer and the prisoners, we give sentence, that we ought to declare, and do declare the steamer "Talisman," and all her cargo, to be a good prize, in conformity with the provisions of Article 22 of the Law on Prizes; and we adjudge to the capturers the shares belonging to them by virtue of the Law of June 10, 1822; and when this sentence shall have been carried out, let the case go to the Judge of Crime, in order that the Captain, mates, and others responsible of the steamer "Talisman" may be tried. Let this be known in conformity with Article 23.

Callao, June 3, 1875.

(Signed) DIEGO DE LA HAZA.
ISAAC SUERO.

The sentence was given and pronounced by Captain de la Haza, Commandant-General of Marine, and Judge of First Instance of Prizes, in the presence of the

Counsellor of Marine and Judge of First Instance, Don D. Isaac Suero, and of the witnesses Don Ricardo Gozburn and Don Miguel Diaz, in the Public Office, and on the day it was pronounced.

Lima, September 25, 1875.

(Signed) ALEJANDRO O. DENSTUA, *Naval Notary.*

Considering the grounds on which the sentence, against which appeal has been made, is founded, as entered at folio 194, and dated June 3 last:—

Considering also that Captain George B. Haddock refers in his defence to the Treaties of Friendship and Commerce between Peru and United States of Colombia, dated February, 1870; and to those with America of September of the same year, in so far as the stipulations therein contained state, that contraband of war found on board a vessel bound for an enemy's port shall be seized and confiscated, but neither the vessel nor the remainder of the cargo, which shall go free; and arguing from this, that in conformity with this Convention, which forms one of the principles of foreign public right, accepted by the country, the capture and confiscation of the "Talisman" is unjust; we find the argument inadmissible, because apart from the fact, that Treaties are binding only on the parties who celebrate them, we gather from those mentioned by the Captain, that they refer to ships which merely serve as *bonâ fide* carriers of articles of contraband of war, and not to those vessels which assume a hostile character, as was the case with the "Talisman," and are placed at the disposal of the enemy, their seizure being therefore a legitimate act of war; neither can the statement of the Captain be admitted, that he was ignorant of the object of the expedition and of the nature of the cargo, be cause apart from all the proofs which too clearly demonstrate that he was fully aware of the hostile use his vessel was to be put to, England (whose authority is unimpeachable in the matter) maintained in the cases of the "Friendship," "Caroline," "Orozembo," and "Hope" the principles which now form part of her maritime right, viz., that a vessel can be condemned which is employed as a transport in the service of the enemy, without taking into account in any way the number of persons or things carried, or whether the service was performed by force or by goodwill, because these circumstances are purely foreign and accidental, and do not attenuate the gravity of the punishable offence. A vessel, although not freighted for the express purpose, can also be condemned, the Master of which knowingly takes upon himself to convey hostile persons or papers, the defence of ignorance can only be valid if clearly proved by the circumstances which led to the result: the Captain having admitted that so soon as he received the expeditionary party on board in the unqualified creek of Quinteros, he placed himself, by order of his owners, under the orders of Mr. Bulger (Bogardus), or what is the same thing, he handed over the charge of the vessel to him, merely reserving to himself the professional or scientific management of the "Talisman," it is clear the vessel became the property of the enemy, and that consequently she could and ought to be treated as such, from the moment she opened fire, in Pacasmayo, on the boat of the Captain of that Port, taking him prisoner, and committing other acts of coercion and violence; and although the principles of the rights of people relative to prizes refer in general to a state of war, and are intended to determine the rights and obligations of neutrals and belligerents, these principles ought to be applied with more vigour in the present case, because if a neutral vessel may be confiscated for forcing a blockade, or by breaking any other neutral duty, to the injury of a belligerent, after being warned, much more so the "Talisman," which, oblivious of the laws of the country she belonged to, and regardless of the rights of the Sovereignty of Peru, violated the peace, and served as the principal element of the revolution which disturbed and stained with blood a portion of the territory of the Republic. We confirm the above sentence which declares the steamer "Talisman" a good prize, together with her cargo, in conformity with the provisions of Article 22 of the Law on Prizes, and we grant to the capturers the shares which belong to them, in virtue of the Law of June 10, 1822. And as the jurisdiction of the Tribunal of the Department of Marine is confined to the declaration relative to the prize, we declare the remainder of the sentence void, and we therefore order that the Master of the "Talisman" and her crew be placed at the disposal of the Supreme Government, to whom an account shall be given in due time of the final result of the trial.

(Signed) CORSO MENDOZA.

Voted according to Law.

(Signed) F. SANTAGADEA.

MANUEL LEON CASTELLANOS, *Secretary of the Chamber of the Excellent Supreme Court.*

I certify that in view of the appeal made by the Captain of the steamer "Talisman" against the trial which has been concluded, the following resolution has been issued :—

Lima, November 13, 1875.

"In conformity with what has been stated by the Attorney-General's Department, we declare that we maintain the sentence entered at folio 223, 'First Book,' dated September 21 last, issued by the Illustrious Superior Court of this Department, in so far as it declares the steamer 'Talisman' a good prize; but that it is void in so far as it orders the Captain, Mates, and Crew to be placed at the disposal of the Government: and we order the said Captain and Mates to be placed at the disposal of the Judge of Crime, and the rest of the Crew to be set at liberty."

This was published in accordance with the Law, which I certify,—

(Signed) MANUEL L. CASTELLANOS.
MANUEL L. CASTELLANOS (*sic*).

Lima, November 16, 1875.

Let this be sent to the Judge of first instance in order that it may be carried out, first taking a certified copy of the sentences in first and second instance, and of the sentence of the Excellent Supreme Court, in order that they may be sent to the Supreme Government.

(Three Signatures of Messrs. Presidente, Mariategni, and Galindo).

(Signed) SANTAGADEA, *Secretary.*

A true copy of the sentences pronounced in the present case, and which is drawn up in obedience to the Decree of November 16, already quoted, and I certify the same.

(Signed) P. SANTAGADEA.

Lima, November 19, 1875.

No. 33.

Mr. St. John to the Earl of Derby.—(*Received April* 1.)

(No. 10.)

My Lord, *Lima, February* 28, 1876.

I HAVE the honour to inclose a copy of a despatch which I have received from the Secretary of State for Foreign Affairs in reply to mine of February 12, which I inclosed in my despatch of the same date. Your Lordship will observe the tone in which most of M. La Torre's despatches are written.

In my last interview with the Minister, I informed his Excellency that I would only cease the correspondence on the subject of the trial of the officers of the "Talisman" on his promise that the Peruvian Government would do their utmost to expedite the trial. On his assurance to that effect, I said that I would wait a reasonable time before I again urged the Government to conclude an affair which had remained far too long in suspense.

I have, &c.
(Signed) SPENSER ST. JOHN.

Inclosure in No. 33.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, February* 17, 1876.

WHEN I considered that the correspondence which arose out of the criminal trial of the Captain and Mates of the "Talisman" was terminated, I received in the afternoon of the 12th instant the note from your Legation which obliges me again to address your Excellency.

I have informed your Excellency, both in writing and in verbal conferences, that the trial is going on in accordance with the legislation of the country, and while such is the case, international law does not allow of diplomatic action, and in no case can expressions be allowed which I am once more under the necessity of impugning.

I am surprised, and justly, that your Excellency should maintain that in order to preserve harmony between Peru and Great Britain, you pointed out to me the injustice, according to your opinion, with which British subjects have been treated in the case of the "Talisman."

Overlooking for the present the means employed by your Excellency to avoid the disturbance of this harmony, I will once more state that the subjects (British?) mentioned by your Excellency have been perfectly treated in their place of detention, as can be proved to your Excellency by the statement of your predecessor on the 17th of February, 1875, and afterwards by his verbal declaration. The delay in the prize trial on the conclusion of which depended the inauguration of the criminal trial now proceeding, arose from the fact that in accordance with legal provisions all the appeals presented by the accused in their defence were taken into consideration, and not only the appeals but the declaration of nullity which they sent in later.

This proceeding cannot be considered unjust, and if injustice there be, it consists in using a term which is not applicable to the case, and which is contrary to the facts.

Accept, &c.
(Signed) A. V. DE LA TORRE.

No. 34.

Mr. St. John to the Earl of Derby.—(Received April 5.)

(Telegraphic.) *Lima, April 3*, 1876.

DEFENCE delaying sentence.

No. 35.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, April 8*, 1876, 4 P.M.

EXPLAIN more fully your telegram of the 3rd instant.

No. 36.

Mr. St. John to the Earl of Derby.—(Received April 13.)

My Lord, *Lima, March 13*, 1876.

I MUCH regret to have to report to your Lordship the death of Mr. Sibley, first mate of the steamer "Talisman," who was stabbed by a fellow prisoner, and who yesterday died of his wounds.

The circumstances attending his death show in what a disgraceful state discipline is the prison at Callao. Convicted felons, robbers incarcerated for fresh crimes, all mixed up with persons accused of political offences. I have often drawn the Secretary of State's attention to the subject, but he has always persistently denied the correctness of my statements; on the last occasion in his despatch of February 10, which I inclosed in my despatch of February 12, 1876.

With regard to the trial of the officers of the "Talisman," I may remark that, at my request, Mr. March called on the judge charged with the case to inquire into the cause of the delay in terminating it; in reply, the judge stated that the prisoners were now on their defence, and that judgment would be delivered about the 24th of the present month; but he has made similar statements before. I am at a loss to understand what can be the object of thus delaying the trial.

It is now above a month since I addressed any official communication to the Peruvian Government on the subject of this trial, in the hope that they would take the necessary steps to terminate it; but the death of Mr. Sibley has, I thought, warranted me in writing strongly on the subject.

I inclose the report on the affair made by the warder of the prison; but I have not yet received from Mr. March a copy of the deposition made by Mr. Sibley the day after

he received his wounds. I will forward by next packet any documents which may throw light on the affair.

I have, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 36.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, March* 13, 1876.

THE death of Mr. Sibley, First Mate of the "Talisman," renders it necessary that I should address your Excellency on the subject of the crime committed in the Casas Matas.

It appears that Mr. Sibley was stabbed by a notorious robber named Viteri, and that the witnesses of the affair were two condemned criminals, and two untried prisoners. I have on various occasions called your Excellency's attention to the fact that persons accused of a political offence were compelled to associate with convicted criminals and felons awaiting their trial, but your Excellency has always been assured by the prison authorities that such was not the fact, and that assurance you conveyed to me on the last occasion, in despatch of February 10, 1876. It now appears from the report in this case, made by the warder of the prison, that the communications I made to you on the subject were strictly accurate. The responsibility, therefore, of this savage crime must partly fall on those authorities whose deplorable prison discipline has compelled possibly innocent men to herd with convicted felons.

Another person who cannot evade some share of the responsibility is the Judge charged with the trial of the officers of the "Talisman." It is now four months since the Supreme Court ordered these prisoners to be put upon their trial, and, although every important item of evidence for or against the prisoners must have been perfectly well known to the authorities for at least twelve months, yet this trial continues without much prospect of terminating. But for the supineness of the Judge in concluding the trial this lamentable event would not have taken place.

The circumstances attending the death of Mr. Sibley will draw the attention of Her Majesty's Government to another instance of the treatment of British subjects who are so unfortunate as to be accused of crimes in this Republic.

Accept, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 2 in No. 36.

Extract from the "South Pacific Times" of March 11, 1876.

THE SIBLEY AFFAIR.—The following is a translation of the Report sent to the Criminal Judge by the warder of Casas Matas, in reference to the Sibley affair:—

"*Callao, March* 6, 1876.

"Between 12 and 1 o'clock to-day the prisoner Teodoro Mourgon, a Spaniard, informed me that the prisoner Avelardo Viteri, Equadorian, had placed his bedstead between the one occupied by the former and another occupied by the political prisoner, Henry Sibley, ex-chief mate of the "Talisman," in the second department of the prison. I immediately went inside and ordered Viteri to take his bedstead away and place it in another room, at the same time severely reprimanding him and ordering him not to cause trouble and disturbance. Very shortly after leaving the place I was informed a fight was taking place, and on returning I found Sibley, the Englishman, wounded in two places and covered with blood, whilst Viteri's shirt was torn, and also covered with blood. By strict investigation I have gathered the following particulars of the affair:—Directly I left the room Viteri, the Equadorian, struck Mourgon, the Spaniard, and on Sibley going to the defence of the latter, he was attacked by the former and wounded in two places with a sharp instrument, of which we have not been able to obtain possession. The witnesses of the affair were the two condemned criminals, Nicolos de los Rios and Vicente Delconardi, and the two untried prisoners, David Mill and Carlos Godin. I immediately had the wounded man carried in a coach to Guadalupe Hospital, where he was at once attended to. The aggressor I

immediately put in stocks in the punishment cell, and he still remains there. I believe it to be my duty to inform you that, during the time Sibley has been in prison, he has observed a pacific and good course of conduct, whilst the antecedents of Viteri are very bad, he being well known to the gaol, having already served a term of sixteen months in Casas Matas for robbery. Finally, I have the honour to inform you that on this date I send a copy of this to Dr. Rospiglioso, before whom a criminal action is now in progress for a robbery committed by him in May, 1875, in union with José Escajadillo. I also send a copy to the President of the Supreme Tribunal.

(Signed) "JUAN JOSE VALDIVIESO."

No. 37.

Consul March to the Earl of Derby.—(Received April 13.)

My Lord, *Callao, March* 13, 1876.

I REGRET to have to report to your Lordship that Mr. Henry Sibley, who was in prison at Callao on charges connected with the revolutionary expedition of the ship "Talisman," died at the hospital on Sunday the 12th instant from the effects of a wound inflicted upon him with a knife by another prisoner, an Ecuadorian, named Viterio.

On the morning of the 6th instant information was brought to me that Mr. Sibley had been stabbed, and was lying in the Hospital de Beneficencia in a precarious condition. I immediately sought the aid of Dr. Watson, the Medical Inspector for the Board of Trade, and accompanied by him proceeded to the hospital. We found Mr. Sibley suffering from two wounds: one in the neck and the other in the breast. Though somewhat weak from loss of blood his appearance did not denote any immediate danger to life, and there was much hope that he would recover. He spoke cheerfully, and had no difficulty in making his deposition. When I left the hospital Mr. Sibley was smoking and apparently free from pain.

I have the honour to inclose a copy of his deposition and a report of the medical treatment followed in his case.

There are various and conflicting accounts of this sad affair, but so far as I have hitherto been able to ascertain, the truth appears to be that the unfortunate deceased received his fatal wound whilst endeavouring to defend a friend and fellow-prisoner from the violence of the man Viterio.

The Prefect of Callao, to whom I immediately addressed myself, has informed me, in reply to my letter, that the Judge has taken cognizance of the matter, and that justice will be duly administered. I have also acquainted Her Majesty's Minister resident at Lima with the occurrence.

The prisoner Viterio, described as being in jail awaiting his trial on the charge of robbery, is now in close confinement.

I will not fail to watch this case carefully and report to your Lordship the result of my further inquiries.

I have, &c.

(Signed) EDWARD MARCH.

Inclosure 1 in No. 37.

Deposition of Henry Sibley in the matter of an Assault committed on him by one Viterio.

HENRY SIBLEY makes oath and states as follows:—

I was laying in bed this morning between half-past 8 and 9 o'clock, when I noticed Messrs. Viterio and Mourgon in a loud altercation. Not understanding Spanish, I did not know what it was all about, but I asked, and was told that the second Alcalde had given Viterio permission to shift his bed into the room I occupied. My room being a very small one, and having got it by a great favour, I thought there was some mistake, and I went and looked for the second Alcalde. He was quite surprised, and told me to wait, and he would put it all right. I said I could put up with a good deal, but that I objected to have my chest pulled about and the table capsized, and things might go further than I could stand, and that if anything occurred I would hold him, the second Alcalde, responsible. I also got Mourgon to address a letter about it to the

first Alcalde. The first Alcalde then came and saw how things were, and at once told Viterio that he could not be allowed in my room, and that he would have to move out of it. As the Alcalde was leaving Viterio followed and abused him. He then turned back, and without a word struck Mourgon in the face and sent him spinning on the floor. He then turned and let me have one in the face. I closed with him. We struggled, and he fell on the bed. I was on the top. I then distinctly saw him making his hand for his pocket, and I at once guessed he was looking for his knife. I managed to get hold of his two hands, and keep him down. Just then some fellows—I don't know who they were—tried to separate us, and for that purpose got hold of me by the shoulders, and Viterio feeling himself free stabbed me in the neck, and then in the breast. He was then secured.

(Signed) HENRY SIBLEY.

Sworn and declared by the above-named Henry Sibley, at the Hospital de Beneficencia, Callao, this 6th day of March, 1876.

Before me,

(Signed) EDWARD MARCH, *Her Britannic Majesty's Consul.*

Inclosure 2 in No. 37.

Mr. Watson to Consul March.

Sir, *Callao, March* 13, 1876.

I HAVE the honour to inform you that Mr. Sibley, ex-mate of the steam-ship "Talisman," who was dangerously wounded in the neck with a knife by a fellow-prisoner on Monday, March the 6th, 1876, while confined in the Casas Matas prison, died from the effects of his wounds in the prison wards of the Beneficencia Hospital, on Sunday, the 12th day of March, 1876, at or about 10 o'clock, A.M.

During the time he was an inmate of the hospital he received the greatest care and attention from all connected with the institution, and the medical staff were unremitting in their endeavours to avert the fatal termination; but as a *post-mortem* examination disclosed, an abscess had formed in the deep structures of the neck which rendered all treatment unavailing.

I have, &c.

(Signed) JAS. J. WATSON,

Medical Inspector for the Board of Trade, Callao.

No. 38.

Mr. St. John to the Earl of Derby.—(Received April 21.)

(Telegraphic.) *Lima, April* 14, 1875.

"TALISMAN" prisoners sentenced to banishment from Peru.

No. 39.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, April* 22, 1876.

I HAVE received your despatch of the 13th ultimo relative to the death of Mr. Henry Sibley, late chief mate of the "Talisman," and the continued delay in the trial of the master and second mate.

I approve the note which you addressed to the Peruvian Minister for Foreign Affairs upon the subject, copy of which is inclosed in your above-mentioned despatch, and I have to instruct you to watch carefully the proceedings against the man Viterio, by whom Mr. Sibley was stabbed.

I am, &c.

(Signed) DERBY.

No. 40.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, April* 22, 1876.

HAVE "Talisman" prisoners been released? Answer by telegraph.

No. 41.

*Mr. Lister to Dr. Cameron, M.P.**

Sir, *Foreign Office, April* 22, 1876.

I AM directed by the Earl of Derby to inform you that a telegram has this day been received from Her Majesty's Minister at Lima, dated the 16th instant, reporting that the "Talisman" prisoners have been sentenced to banishment from Peru.

I am, &c.

(Signed) T. V. LISTER.

No. 42.

Mrs. Haddock to Mr. Lister.—(Received April 25.)

4, *Holyrood Terrace, Birchfield Road, Edge Lane,*

Sir, *Liverpool, April* 24, 1876.

I HAVE the honour to acknowledge the receipt of your letter of the 22nd instant, informing me that my husband, Captain Haddock, and the second officer, Mr. King, have been sentenced to banishment from Peru. I am truly thankful such is the case, and hope they may reach England in safety as soon as possible.

With many thanks, I am, &c.

(Signed) E. C. HADDOCK.

No. 43.

Mr. St. John to the Earl of Derby.—(Received April 26.)

(Telegraphic.) *Lima, April* 17, 1876.

THE "Talisman" prisoners appeal against sentence of banishment from Peru. Nothing further can be done in favour of prisoners.

No. 44.

Mr. Lister to Mrs. Sibley.

Madam, *Foreign Office, April* 22, 1876.

WITH reference to Lord Tenterden's letter of the 25th ultimo, I am directed by the Earl of Derby to transmit to you the accompanying copies of documents which have been received from Her Majesty's Minister at Lima and Her Majesty's Consul at Callao, containing particulars of the unfortunate death of your husband, Mr. Henry Sibley, late chief mate of the "Talisman."

Her Majesty's Consul, in forwarding the deposition, says that there are various and conflicting accounts of this sad affair; but that, so far as he has hitherto been able to ascertain, the truth appears to be that your husband received his fatal wound whilst endeavouring to defend a friend and fellow-prisoner from the violence of the man Viterio.

* Similar letters were addressed to Mr. J. King and Mrs. Haddock.

Immediately on hearing that Mr. Sibley had been stabbed, Her Majesty's Consul sought the aid of Mr. Watson, the Medical Inspector for the Board of Trade, and went with him to the Hospital de Beneficiencia, whither your husband had been removed. They found him suffering from two wounds, one in the neck and the other in the breast. Though somewhat weak from loss of blood, his appearance did not denote any immediate danger to life, and there was much hope that he would recover. He spoke cheerfully, and had no difficulty in making his deposition. When Mr. March left the hospital, Mr. Sibley was smoking and apparently free from pain.

Mr. March has been informed by the Prefect of Callao, to whom he immediately addressed himself, that the Judge has taken cognizance of the matter, and that justice will be duly administered.

The prisoner Viterio, who was in gaol awaiting his trial on a charge of robbery, is now, Mr. March adds, in close confinement.

I am, &c.
(Signed) T. V. LISTER.

No. 45.

*Lord Tenterden to Mrs. Haddock.**

Madam, *Foreign Office, April* 26, 1876.

WITH reference to Mr. Lister's letter of the 22nd instant, I am directed by the Earl of Derby to inform you that Her Majesty's Minister at Lima has reported by telegraph that the "Talisman" prisoners appeal against the sentence of banishment from Peru.

I am, &c.
(Signed) TENTERDEN.

No. 46.

Mr. St. John to the Earl of Derby.—(Received April 28.)

(Telegraphic.) *Lima, April* 20, 1876.

KING having decided not to appeal if sentence of banishment be confirmed by Superior Court, I am trying to separate his case from that of Haddock, who is sure to appeal to Supreme Court.

No. 47.

Consul March to the Earl of Derby.—(Received April 29.)

My Lord, *Callao, March* 15, 1876.

AT a time when the delays in the case of the prisoners of the "Talisman" are attracting so much attention, perhaps your Lordship will permit me to report that the criminal trial instituted on the attempted assassination of the President of the Republic in August 1874 has only now been brought to a close.

I have, &c.
(Signed) EDWARD MARCH.

No. 48.

Consul March to the Earl of Derby.—(Received April 29.)

My Lord, *Callao, March* 17, 1876.

I HAVE the honour to supplement, with the inclosed Medical Report, the correspondence that has passed on the subject of the prisoners of the "Talisman."

I have, &c.
(Signed) EDWARD MARCH.

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* A similar letter was addressed to Mr. King.

Inclosure in No. 48.

Mr. Watson to Consul March.

Sir, *Callao, June 29, 1875.*

I HAVE the honour to inform you that, conformably with your request, I have to-day visited and prescribed for two of the prisoners of the steamer "Talisman," now incarcerated in the common jail. The one (the chief mate of the ship) has some diarrhœa, and the other (an able seaman) complained of ear-ache. Mr. Sibley, the mate, stated that he was supplied with plenty of food, but found the prison very cold at night, otherwise he made no complaint of any kind.

The officials I found to be very obliging, and desirous to assist me in the object of my visit, as they have always been on the several previous occasions that I have visited others of the "Talisman's" crew that have required my services.

I have, &c.

(Signed) J. W. WATSON,

Medical Inspector for the Board of Trade.

No. 49.

Mr. St. John to the Earl of Derby.—(Received April 29.)

My Lord, *Lima, March 27, 1876.*

I HAVE the honour to inclose a copy of the deposition made by the late Mr. Sibley, which should have been sent me in time to have been inclosed in my despatch of March 13, 1876, together with a letter on this subject from Dr. Watson, and a deposition by David Milne, a fellow-prisoner with Sibley.

From independent inquiries I have made, I see no reason to doubt the correctness of the statement made by Sibley himself, that remonstrating against Viterio moving his bed into Sibley's room, he was attacked and, after a struggle, was wounded by Viterio in two places. The wound in the neck was evidently dangerous, but hopes were entertained, until the last day, of saving him. He received the best medical assistance, and no attention seems to have been spared to bring the case to a favourable termination, but, says Dr. Watson, "an abscess had formed in the deep structures of the neck, which rendered all treatment unavailing."

From what I saw of Sibley, I should say, that it would have been difficult to have found a more quiet inoffensive man, and his previous conduct, as mentioned in Milne's deposition, shows how prudent his proceedings had ever been.

The trial of Viterio has commenced, and the Judge pretends that it will advance rapidly, but no faith can be placed in such assertions, unless fear of the responsibility he has incurred on account of his supineness in the "Talisman" case, may induce him to exert unwonted diligence.

One of the curious circumstances of the case is, that above four months since, Sibley was removed from the common rooms, where the crew of the "Talisman" had been confined, and allowed a small bedroom in the privileged part of the prison, where he was in comparative comfort.

Why, therefore, convicted criminals, and robbers awaiting trial, were permitted to leave the common prison, and enter into Sibley's room, the prison officials will have to explain.

Considering, then, all the circumstances of the case, that Sibley, a prisoner on his trial for a political offence, was compelled to live with convicted criminals and robbers awaiting trial, while the Secretary of State for Foreign Affairs was asserting the contrary, and that the discipline of the prison was so utterly unworthy, I think that it would only be just that the Peruvian Government should be called upon to pay an indemnity to Sibley's family.

I have, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 49.

Deposition of Henry Sibley in the matter of an Assault committed on him by one Viterio.

[See Inclosure 1 in No. 37.]

Inclosure 2 in No. 49.

Mr. Watson to Consul March, March 13, 1876.

[See Inclosure 2 in No. 37.]

Inclosure 3 in No. 49.

Deposition of David Milne.

[See Inclosure 1 in No. 50.]

No. 50.

Consul March to the Earl of Derby.—(Received April 29.)

My Lord, *Callao, March 27, 1876.*

I HAVE the honour to inclose a copy of another deposition made before me by a British subject who witnessed the affray between the late Mr. Sibley and the man Viterio. By it your Lordship will see that the unfortunate Mr. Sibley received his fatal wound whilst interposing in defence of his friend Theodore Mourgon, with whom he appears to have been on intimate terms. I have made most searching inquiries by personal communication with the prisoners to ascertain who it was that hindered Mr. Sibley's movements, as described by him in his deposition, and the result not only fails to establish the assertion, but tends, on the contrary, to indicate that no one interfered with him. I called the Judge's especial attention to this point, and he has this day informed me that up to the present time he has been unable to adduce incriminating evidence against anyone. It would seem that on the night before he died, Mr. Sibley sent for Mr. Haddock, and in the course of a conversation upon private family affairs, mentioned a prisoner, named Rodriguez, as the person who grasped him by the shoulder. The Judge is prosecuting Rodriguez upon this charge, but he has intimated to me in a private manner that he sees no probability of convicting him. He will not, however, free him yet from the rigorous imprisonment to which he has been subjected.

I would here venture to draw your Lordship's attention to the fact that Mr. Sibley, in his deposition—a copy of which was inclosed in my despatch of the 13th instant, said . . . . "Just then some fellows—I don't know who they were—tried to separate us, and for that purpose got hold of me by the shoulders . . . ." On the other hand, the witness Milne declares he saw no one interfere in the manner alleged. Neither did Mr. Haddock impart to me anything upon the subject on the two occasions on which I went to see him. Mr. Mourgon, on whose behalf Mr. Sibley so generously interfered, was also constrained to admit to me that he saw no one touch Mr. Sibley.

From what I can see of the action of the authorities in this matter, and the ready manner in which they have on all occasions given me access to the prison and such of the prisoners as I wished to examine, I believe that they are acting with more than ordinary energy, and that justice, according to the laws of Peru, will, in this instance, not be unduly delayed.

The inclosed plan of the prison, drawn after I had carefully examined the place, may perhaps assist your Lordship in forming some correct idea of the scene of the fatal affray.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure 1 in No. 50.

Deposition of David Milne.

DAVID MILNE makes oath and states as follows :—

I was in the room and close to Sibley when the row between him and Viterio occurred. Sibley had got up in the morning to go and complain to the Alcalde because Viterio was putting his bed in the room in which Sibley and Mourgon were lodged. The Alcalde came in and made Viterio remove his bed. Just then Mourgon was coming into the room, and Viterio made at him, but I am not sure of it as I did not see the blow struck. I and Sibley were at that moment coming out of Sibley's room. Sibley got in between Mourgon and Viterio. I saw them struggling together. They fell over a bed. Sibley was uppermost. I was going to get Sibley off, but he told me not to touch him as he had hold of Viterio. Somebody then called out in English, "Look out, he is taking out a knife." About two seconds afterwards, Sibley got up and said, "I am cut in the jugular vein." He put his hand to his neck. I took him from under the arm and we walked out to the yard where the sentry is stationed. The Alcalde was with us. He asked for a drink of water, and said he was fainting. He then put his hand in his pocket and took out a Bank of England five pound note, and told me to give it to Captain Haddock. He was then removed to the hospital. I did not see any one take hold of Sibley before he called out he was stabbed. I would have seen it if it had been so. There was an old grudge between Sibley and Viterio. Some three or four months ago Viterio struck Sibley in the mouth, but Sibley thought it best to take no notice of it. They were on speaking terms after that.

(Signed) DAVID MILNE.

Sworn, declared, and signed in the prison of Callao by the above-named David Milne this 14th day of March, 1876.

Before me :

(Signed) EDWARD MARCH, *Her Britannic Majesty's Consul.*

Inclosure 2 in No. 50.

Plan of the Prison of Callao.

No. 51.

Lord Tenterden to Mr. J. King.

Sir, *Foreign Office, April* 29, 1876.

WITH reference to my letter of the 26th instant, I am directed by the Earl of Derby to state to you that Her Majesty's Minister at Lima has reported by telegraph, under date of the 20th instant, that your son, Mr. J. King, has decided not to appeal further if the sentence of banishment passed upon him is confirmed by the Supreme Court.

Mr. St. John is, therefore, trying to get your son's case separated from that of Captain Haddock, who is expected to appeal to the Supreme Court.

I am, &c.

(Signed) TENTERDEN.

No. 52.

Mrs. Haddock to the Earl of Derby.—(Received May 1.)

4, *Holyrood Terrace, Birchfield Road, Edge Lane, near Liverpool,*

My Lord, *April* 28, 1876.

I BEG to acknowledge the receipt of two telegrams from the Foreign Office in reference to my husband (Captain of the steamship "Talisman"), for which I am most grateful.

I shall feel most obliged to your Lordship if you will allow me to be informed of

the particulars of the sentence, as I do not understand what my husband's punishment will be. Surely the length of time they have imprisoned him is enough.

I have, &c.
(Signed) E. C. HADDOCK.

No. 53.

The Secretary to the Admiralty to Lord Tenterden.—(Received May 1.)

Sir, *Admiralty, April 29, 1876.*

I AM commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, the following extracts of a letter addressed to the Commander-in-chief on the Pacific Station by Commander Hanmer, of Her Majesty's ship "Daring," dated at Callao, on the 22nd March last.

"No change in the state of the country has taken place since my last letter."

"The Peruvian papers state that the Public Prosecutor has demanded from the Courts a sentence of four years' exile from Peru against Señor Larranaga (one of Pierolas' adherents who I mentioned in paragraph 2 of my letter of the 28th February, 1876), and the same sentence on Mr. Haddock and Mr. King, of the "Talisman." I am unable to acquaint you by this opportunity whether sentence has been pronounced on these officers.

"General Prado did not leave on the 14th instant, he having altered his plans the day the steamer left. General Prado goes to England by to-day's steamer as Minister to England.

"The three French men-of-war are still here."

I am, &c.
(Signed) ROBERT HALL.

No. 54.

Lord Tenterden to Mrs. Haddock.

Madam, *Foreign Office, May 2, 1876.*

IN reply to your letter of the 28th ultimo, I am directed by the Earl of Derby to inform you that it appears from the reports of Her Majesty's Minister at Lima, that your husband, late master of the "Talisman," has been sentenced to banishment from Peru, but that he has appealed against the sentence.

I am, &c.
(Signed) TENTERDEN.

No. 55.

Mr. St. John to the Earl of Derby.—(Received May 3.)

(Telegraphic.) *Lima, April 26, 1876.*

TALISMAN prisoners not at liberty; trial not likely to terminate for some time.

No. 56.

Mr. St. John to the Earl of Derby.—(Received May 3.)

(Telegraphic.) *Lima, April 26, 1876.*

PERUVIAN Government have refused to receive my despatch on the subject of King not wishing to appeal against sentence of banishment; a very unaccountable proceeding.

No. 57.

Mr. St. John to the Earl of Derby.—(Received May 3.)

(Telegraphic.) *Lima, April 27, 1876.*

EXPLANATIONS offered; am to return despatch. Appeal made by prisoners not the cause of their being before Superior Court.

No. 58.

The Earl of Derby to Mr. St. John.

(Telegraphic.) *Foreign Office, May 4, 1876.*

EXPLAIN by telegraph why "Talisman" prisoners are detained, if not on account of appeal. Press for their immediate release.

No. 59.

Mrs. Haddock to Lord Tenterden.—(Received May 11.)

4, *Holyrood Terrace, Birchfield Road, Edge Lane, Liverpool,*
May 10, 1876.

My Lord,

I BEG to acknowledge the receipt of your Lordship's letter, informing me that my poor husband had appealed against his sentence. I do not wonder that he and his second officer have appealed against such an unjust sentence. I have just received a letter from Captain Haddock, dated 12th March, 1876; he says, "Our sham trial is to come off some time this month, so the Judge told me yesterday; he also told me the sentence would be banishment." So the Judge knew what the sentence would be before the trial commenced.

The letter gives a sad account of the murder of Mr. Sibley. It seems that one of the Peruvian prisoners held Mr. Sibley while another stabbed him. The account is too awful to think of! it has made me ill. My Lord, I ask you, do you think that British subjects ought to be kept in such a foul prison, amongst such a class of ruffians? Captain Haddock, in all his letters, complains how he has been neglected by the British Minister, Mr. St. John. He says in his letter, "that many of the Peruvians, who ought to know their country well, declare, if our Minister had taken our part we should have been liberated months since." When Her Majesty's Government know that a Liverpool firm had to do with the ship "Talisman," why did they not institute an inquiry into the matter?

I brought an action against the firm for money due to me, and in consequence of only getting two months' pay, and having five children to keep, I have been obliged to break up my home, and am broken down in health and spirits. This Liverpool firm, Messrs. Moran, Galloway & Co., have paid Mrs. Sibley the whole of the time her husband was absent, and she has no children. I think this very hard.

Will you kindly inform me the date of when Captain Haddock's trial started in Peru?

I am, &c.
(Signed) E. C. HADDOCK.

No. 60.

The Earl Derby to Mr. St. John.

Sir, *Foreign Office, May 12, 1876.*

I HAVE received your despatch of the 27th of March, inclosing documents relating to the murder in the prison at Callao of Henry Sibley, late first mate of the "Talisman."

It would appear from those documents, and from the reports sent home by you and by Mr. Consul March, that a serious responsibility rests upon the Peruvian Government in the matter.

As, however, Her Majesty's Government are not at present in possession of the Peruvian version of the occurrence, they think it advisable to defer coming to a final decision as to the course they shall pursue until they have received the explanations which they presume will be made through you by the Peruvian Government.

Her Majesty's Government anxiously await those explanations, to which they will not fail to give their immediate and very serious attention.

Her Majesty's Government will also be glad to receive from you any further evidence which you may be able to procure relating to the matter.

I am, &c.
(Signed) DERBY.

No. 61,

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, May* 13, 1876.

THE Peruvian Minister called upon me on the 10th instant to offer explanations of certain matters connected with the "Talisman" case. He assured me that the continued detention of the Captain and Mate was due solely to the fact that these men had appealed from the sentence passed upon them, and it was impossible that they should be released till the appeal was heard.

This statement being altogether inconsistent with that contained in your telegram of the 27th of April, I expressed my doubts and read to Señor Galvez the substance of the telegram in question. He assured me that he had communicated accurately the information which he had received from his Government, but promised further inquiry.

Señor Galvez then went on to express his regret for the length of time during which the crew of the "Talisman" had been detained without trial, adding that the delay had arisen solely in the ordinary course of the administration of justice, and had nothing special or exceptional in its nature.

This, I said, I was quite willing to believe, but I could not accept it as a sufficient excuse. That men who might prove innocent, and who, at any rate had not been found guilty, should be kept in gaol for more than a year, was simply wrong and unjustifiable; and, if such was the custom of the country, foreign Governments were entitled to ask that the custom should be altered.

Señor Galvez then observed that the greater part of the delay had been caused by the act of the Captain in appealing, and by the necessity of deciding on the character of the vessel before the question of the men's guilt was gone into. This plea also, I observed, I could not admit. Her Majesty's Government were not, I said, cognizant of, or concerned in, the forms of legal procedure in Peru. What they objected to was that, under any forms of procedure, a heavy punishment should be inflicted on foreigners not convicted of any offence. Municipal law or usage, if manifestly unjust, could not be pleaded as an answer to international complaints. I felt it my duty to inform Señor Galvez that the whole affair had created a painful sensation in England, and that the feeling in all classes was strong against his Government. He answered that he was aware of the fact and regretted it, and that he had written home to that effect.

Some conversation followed as to the case of Sibley. I told Señor Galvez that we were waiting for accurate and trustworthy evidence as to the circumstances of his death; but that, considering that he was a prisoner under the care and control of the authorities, unable to defend himself, and without choice as to the persons with whom he associated, I felt bound to reserve the right on the part of Her Majesty's Government to demand compensation for his family, in the event of its being shown that he had not done anything to provoke a quarrel, or to justify the attack made upon him.

I also warned Señor Galvez that a much longer delay in terminating the proceedings against the two men still detained could not be allowed. The interview concluded with mutual expressions as to the desire of the two Governments to avoid anything in the nature of a misunderstanding.

I am, &c.
(Signed) DERBY.

No. 62.

Señor de la Torre to Señor Galvez.—(Communicated to the Earl of Derby by Señor Galvez, May 15.)

(Translation.)
(Telegraphic.) *Lima, May 13, 1876.*

CAPTAIN of "Talisman" appeals. The case is before the Superior Court. This is the reason of the continued detention of the officers. Viterio was put upon his trial. He is still detained. Will soon be sentenced.

No. 63.

Mr. St. John to the Earl of Derby.—(Received May 15.)

(Telegraphic.) *Lima, May 12, 1876.*

ALL sentences go before Superior Court to be confirmed, altered, or revoked, whether there is an appeal or not. Sentence not yet pronounced.

No. 64.

Consul March to the Earl of Derby.—(Received May 19.)

My Lord, *Callao, April 7, 1876.*

I BEG leave to inclose an extract from a letter I have addressed to the Board of Trade, in which allusion is made to the prison of Callao, the condition of the inmates, and the fact of Mr. King, one of the prisoners of the "Talisman," having on one occasion declined to abandon the jail of which he so grievously complained, for the clean and comparatively comfortable quarters of the Hospital de Beneficencia. I am assured that the reason for this refusal is, that the prison diet is more plentiful, if not so choice.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 64.

Consul March to Mr. Farrer.

Sir, *Callao, April 5, 1876.*

I HAVE the honour to acknowledge the receipt of your letter of the 17th of February calling my attention to paragraph 106 of the Instructions, and requesting me to state where William Scorgie, sentenced by a Naval Court to twelve week's imprisonment for assault and abusive language, was incarcerated, and whether the place of confinement and mode of treatment was proper and humane.

When William Scorgie was sentenced to twelve week's imprisonment paragraph 106 of the Instructions had not escaped my attention, and although the prison to which he was consigned is inferior to the same class of establishments in the United Kingdom, I am not prepared to assert that it is an improper place or that the treatment of the inmates is other than humane. I have on several occasions been over every part of the building, and the only grievous fault I find with it is the want of sufficient light. The ventilation has not appeared to me to be markedly deficient nor the food unwholesome or wanting in nutritious qualities. On the whole I am of opinion that, although susceptible of great improvements, it is not worse than many of the prisons I have seen in France and Spain, and that the fear of being confined in it exercises but little deterrent effect upon evil doers. I have more than once observed that when a prisoner had the opportunity afforded him—either through my well meant endeavours, or the doctor's certificate—of being removed to the prison of the Hospital de Beneficencia, a ward differing from the others in name only, and where cleanliness, quiet, and freedom from close contact with undesirable characters could have been fully secured, that prisoner has actually declined to avail himself of it, which, I think, tends to show that the lot of the inmates of the gaol of Callao is not quite so bad as they describe it. This was the case with the second mate of the "Talisman," as the medical inspector for the Board of Trade can corroborate.

I have, &c.
(Signed) EDWARD MARCH.

No. 65.

Mr. St. John to the Earl of Derby.—(*Received May* 17.)

(Extract.) *Lima, April* 13, 1876.

THE Judge appointed to try the "Talisman" prisoners informed Mr. March on the 1st instant that he was ready to sentence them, but that they were interposing delays. On the 3rd instant he received a petition from Mr. Haddock saying that if the Judge would re-examine certain witnesses, they would prove his innocence. On the 8th the Judge declared himself ready to pronounce the sentence, and promised to communicate the result to the Secretary of State on the 10th instant. He declared also that he should sentence the prisoners to banishment. Neither the Government nor the Judge, however, have as yet given me any information on the subject, but the result can scarcely be kept secret beyond a few days, when I will telegraph the result to your Lordship.

No. 66.

Consul March to the Earl of Derby.—(*Received May* 17.)

(Extract.) *Callao, April* 14, 1876.

I HAVE the honour to report to your Lordship that the Judge of First Instance has sentenced Mr. Haddock and Mr. King, of the late British ship "Talisman," to banishment from the country. Mr. Haddock having thought proper to appeal against this sentence, the case will now be reopened before the Superior Tribunal. Mr. King does not join in this appeal, and I am now endeavouring to have him released.

No. 67.

Lord Tenterden to Mrs. Haddock.

Madam, *Foreign Office, May* 17, 1876.

WITH reference to your letter of the 10th instant, I am directed by the Earl of Derby to state to you that it appears, from a note addressed to Her Majesty's Minister at Lima by the Peruvian Minister for Foreign Affairs on the 31st of January last, that the criminal case against your husband and against Sibley and King, the mates of the "Talisman," was begun on the 1st of December last, and that their preliminary depositions were taken on the 10th of the same month, which date the certified copies ordered by the Supreme Tribunal were sent to the Judge of Crime.

I am, &c.
(Signed) TENTERDEN.

No. 68.

The Secretary to the Admiralty to Lord Tenterden.—(*Received May* 25.)

Sir, *Admiralty, May* 24, 1876.

WITH reference to my letter of the 29th ultimo, I am commanded by my Lords Commissioners of the Admiralty to send you herewith, for the information of the Earl of Derby, copy of a letter from the Commander-in-chief on the Pacific Station, dated 19th ultimo, together with copy of its inclosure, relative to the trial of Mr. Haddock and others, late of the screw-steamer "Talisman."

I am, &c.
(Signed) ROBERT HALL.

Inclosure 1 in No. 68.

Rear-Admiral Cochrane to the Secretary to the Admiralty.

Sir, "*Repulse*," *at Panama, April* 19, 1876.

I HAVE the honour to state to you, for the information of the Lords Commissioners of the Admiralty, that on the 13th instant I received the information contained in the inclosed extract from a letter addressed to me by Commander John S. J. Hamner, of of Her Majesty's ship "Daring," relative to the trial of Mr. Haddock and others, late of the screw-steamer "Talisman."

I have, &c.
(Signed) A. COCHRANE.

Inclosure 2 in No. 68.

Commander Hamner to Rear-Admiral Cochrane.

(Extract.) "*Daring*," *Callao, April* 4, 1876.

SINCE my letter dated 28th March, nothing of interest has occurred.

2. Several telegrams have been exchanged between the Foreign Office and Her Majesty's Minister at Lima, Lord Derby instructing Mr. St. John to insist on a speedy settlement of the "Talisman" case. Mr. Haddock has caused delay in the action of the Court lately, by attempting to prove that he was not aware of the object of the voyage, bringing forward in evidence two Pierolista officers. The lawyer employed for the defence is of opinion that this week will see the case concluded.

No. 69.

Mr. St. John to the Earl of Derby.—(Received May 30.)

My Lord, *Lima, April* 27, 1876.

THREE weeks of continued fever have so reduced my strength that I am unable by this packet to send your Lordship the correspondence which should accompany this despatch. Unfortunately my copying clerk has left me, but Mr. Graham of Islay will be here in two or three days, and will prepare the papers for next packet.

Two days after I wrote my despatch of April 13 I directed Mr. March to see M. la Torre on the subject of the sentence, and the Minister replied that the men had been condemned to banishment, but that they had appealed against the sentence. Upon which I telegraphed the fact to your Lordship. But on writing officially to M. la Torre, to tell him that King did not desire to appeal any more, he replied that, whether the men had appealed or not, the sentence would have been sent for revision to the Superior Court to be confirmed, changed, or revoked.

As in his reply the Minister took no notice of the principal object of my despatch, which was to inform him that Mr. King would accept the sentence of the Superior Court, if it confirmed that of the Court of Callao, and would not join Mr. Haddock in an appeal to the Supreme Court, I wrote to him a second time, explaining the different positions of the two prisoners, and adding that no one had a right to make King appeal against his will.

To my surprise this despatch was sent back to me next day, with a curt official despatch from the Minister, saying as it was not in a suitable form he found himself under the necessity of returning it to me.

This was to me an unprecedented occurrence, so before replying I consulted with the French Minister, who was as much astonished as myself at the discourteousness of the act.

I then replied that I would inform Her Majesty's Government by telegraph of the extraordinary and unaccountable conduct pursued by the Peruvian Government towards this Legation.

The prisoners are now before the Superior Court. I believe that Haddock will appeal against any sentence that may be given, but I am trying to save King from another long detention.

Since writing the above I have received from M. la Torre explanations as to the reason why my despatch was returned to me. He says there were erasures in it; if so,

he might have returned it with a private note, asking for a fresh copy. I do not think his explanation the correct one, but when he heard that I had telegraphed the fact to your Lordship the Government got alarmed, and hastened to make a long explanation. My despatch was neither better nor worse copied than the present one, except an erasure or two.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 70.

Mr. St. John to the Earl of Derby.—(Received June 5.)

(Telegraphic) *Lima, June 2, 1876.*

SUPERIOR Court confirmed sentence of Callao Court. Public Prosecutor has appealed to Supreme Court.

No. 71.

Mr. J. King to the Earl of Derby.—(Received June 6.)

18, *Rosalind Street, Stanley Road, Liverpool,*
June 4, 1876.

My Lord,

I AM again constrained to write your Lordship in behalf of our son John, who still remains a prisoner in Callao, and is for the second time in the hospital, and he writes that there is no prospect of being released before the month of August.

Now should our son's health be impaired or death ensue, the onus will lie with your Lordship.

Our son's last letter, dated 28th April, he knew nothing of any trial except from reports, and being asked to sign an appeal, which he refused to do, as he was ignorant of the whole matter. As your Lordship is now in possession of the facts I ask your Lordship to demand an immediate and unconditional (and that at once, of our son) release.

I have, &c.
(Signed) JOHN KING.

No. 72.

The Earl of Derby to Señor Galvez.

M. le Ministre, *Foreign Office, June 7, 1876.*

IT is with great regret that I find myself under the necessity of addressing you upon the case of the "Talisman" prisoners—Haddock and King—which case formed the subject of our conversation of the 10th ultimo.

I then had the honour to explain to you fully the views of Her Majesty's Government as to the continued detention of these men, and I drew your attention to the painful sensation which had been caused by the case of the "Talisman" among all classes in this country. In reply you were good enough to inform me that you were aware of the feeling that existed, and that you had written to your Government to that effect.

Her Majesty's Government hoped that your representations would have had the effect of inducing the Peruvian Government to hasten the release of the two prisoners, but such has unhappily not been the case, as will be seen from the following telegram from Her Majesty's Minister at Lima dated the 2nd instant:—

"Supreme [Superior?] Court confirmed sentence of Callao Court. Public Prosecutor has appealed to Supreme Court."

The precise meaning of this telegram is not quite clear, but it may safely be taken to show that the prisoners were still detained on the 2nd instant, and that their release was likely to be further delayed for an indefinite time by the action of the Public Prosecutor in moving for a further appeal.

With regard to the delay that has already taken place since the passing of the

original sentence on Haddock and King, you assured me, M. le Ministre, in our conversation above referred to, that the information you had received from your Government showed the continued detention of the prisoners to be due solely to the fact that they had appealed against this sentence, and I then informed you that this explanation was inconsistent with the reports furnished to me by Her Majesty's Minister at Lima, which were to the effect that all sentences had to be confirmed by a Superior Court.

I have now received a more detailed report upon the subject from Her Majesty's Minister, dated April 27, in which he states that on his representing to the Peruvian Minister for Foreign Affairs that King did not wish to appeal any more, his Excellency replied that whether the men had appealed or not the sentence would have been sent for revision to the Superior Court, to be confirmed, changed, or revoked.

As, however, in this reply, M. de la Torre took no notice of the principal object of Mr. St. John's note, which was to inform his Excellency that King would accept the sentence of the Superior Court if confirmed by that of the Court of Callao, and would not join Haddock in an appeal to the Supreme Court. Mr. St. John wrote a second note to his Excellency, explaining the different positions of the two prisoners, and adding that no one had a right to make King appeal against his will.

This second note, I regret to say, was sent back to Mr. St. John by the Peruvian Minister, with a curt official despatch saying that, as it was not in a suitable form, he found himself under the necessity of returning it.

M. de la Torre subsequently explained this extraordinary proceeding by saying that there were erasures in Mr. St. John's note; but Her Majesty's Government cannot consider that this fact would afford sufficient justification for so unfriendly and discourteous an act, as the return without explanation of a note addressed to a Minister for Foreign Affairs by the Representative of a friendly Power on a matter of which that Power is known to attach great importance; and Her Majesty's Government cannot but look upon this proceeding as showing a disinclination on the part of the Peruvian Government to entertain the just and reasonable representations of Her Majesty's Government.

In these circumstances, M. le Ministre, it becomes my duty to remonstrate in the strongest manner, as I now do, in the name of Her Majesty's Government, against the continued detention of King, who has signified his acquiesence in the sentences passed upon him,—against the unreasonable protraction of the proceedings in the case,—and against the unfriendly conduct of the Peruvian Government in the matter.

I have the honour to request that you will be so good as to forward this remonstrance to your Government, and that you will recommend it to their very serious consideration.

Her Majesty's Government have every wish to maintain friendly relations with the Government of Peru, but unless the case of these prisoners is brought to a speedy issue, it will be impossible that those relations should continue.

I am, &c.
(Signed) DERBY.

No. 73.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, June* 7, 1876.

WITH reference to your despatch of the 27th April, and to your telegram of the 2nd instant, I inclose, for your information, copy of a note which I have addressed to the Peruvian Minister at this Court, relative to the case of the "Talisman."*

I am, &c.
(Signed) DERBY.

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* No. 72.

No. 74.

Lord Tenterden to Mr. John King.

Sir, *Foreign Office, June* 12, 1875.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 4th instant, relative to the case of your son, John King, late mate of the "Talisman."

I am, &c.
(Signed) TENTERDEN.

No. 75.

Mr. St. John to the Earl of Derby.—(Received June 13.)

My Lord, *Lima, May* 9, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 30th March, 1876, upon the case of the "Talisman," which Mr. Cameron, M.P., for Glasgow, has lately brought before the House of Commons.

I have, as directed, forwarded all the inclosures in your Lordship's despatch to Her Majesty's Consul at Callao, in order that he may make a full report as to the treatment of the prisoners.

In the meantime I would desire to make a brief summary of the case, and recall points which Mr. Cameron, from not being practically acquainted with the subject, has omitted to notice.

The "Talisman" shipped its crew in Glasgow, and then went round to Cardiff to take its cargo and coal. The cargo consisted of bales of uniforms, cases of rifles, and other arms and ammunition. There are few sailors so ignorant as not to recognize these, and the precautions taken when powder is to be shipped, must have made the crew fully aware of the nature of the cargo that was being put on board. This cargo, though not illegal, should have put the crew somewhat on their guard. The voyage was made without any notable incident as far as Chili, when suspicious delays began to take place. At Coronel several months were passed; but at length the expected orders arrived, and the "Talisman" steamed for Quinteros, a small creek a little to the north of Valparaiso, and there in a clandestine way, for Quinteros is not an open port, forty-nine passengers were received on board; these men were more or less armed when they stepped on deck,

From Quinteros, the "Talisman" steamed for Caldera to coal, and here the crew could have stopped the whole expedition by simply demanding to see the Consul, and on insisting on an inquiry being made as to the object of the voyage. Knowing the nature of the cargo, and seeing forty-nine Peruvians coming clandestinely on board, the suspicions of the most ignorant crew must have been aroused, and it is impossible to doubt but that they must have guessed at the object of the expedition.

I believe that the late Mr. Sibley spoke the truth when he said to me that Mr. Haddock had been very cautious as to the information he gave those on board; that he did not inform King, the second mate, of the object of the voyage until some time after they left England, and that he never told Roberts, the chief engineer, or the rest of the crew, though they strongly suspected the voyage was not a regular one. He did not explain what he had known himself; but implied that he had not been ignorant, closing his remarks by saying, "Well, Sir, if I am condemned to imprisonment, I will try and bear my punishment like a man."

Among the late Mr. Sibley's papers which were seized on board the "Talisman" was a letter from his wife, in which she speaks of a conversation she had with a Mr. Galloway, and of his telling her that her husband was now on the way to fortune, and that they would soon be rich. I had only time to glance at the letter, but I noticed expressions to that effect. This letter is included among the documents presented by the prosecution.

The hostile nature of the voyage commenced when the "Talisman" sailed from England with its cargo of arms; but its hostile nature became clear when forty-nine conspirators, nearly all ex-officers of the Peruvian army, embarked on board the "Talisman" to effect a landing in Peru, and bring about a civil war in order to overthrow the Government of M. Pardo.

The skirmish at Pacasmayo and the capture of the "Talisman" at Pacochas

followed; the confusion occasioned by the civil war, and the plots continually discovered, prevented any steps being taken to bring the "Talisman" to trial until peace was restored and the regular Government re-established in Lima.

I have made these preliminary observations to show that neither the master, the officers, nor the crew were free from blame.

Towards the end of December, the whole of the crew was collected in the Casas Matas, or case-mates, of the fortress of Callao, the only prison in the town. The master and officers were allowed private rooms outside of the common prison, but the latter forfeited the privilege, as eight revolvers were found concealed in their mattresses, evidently a portion of the arms of those Peruvian prisoners who had planned a revolt in the prison. (Mr. March's despatch of December 26, 1874.)

The Casas Matas used as a prison are evidently unsuited for the object. You first enter a covered corridor; on the right is a Magistrate s room, and some small apartments used by the better class of prisoners; on the left there is a passage with other bed-rooms. At the end of the corridor is the gate by which you enter into the common hall, which is stated by the "Talisman" prisoners to be 110 feet long, 24 feet broad, and 14 feet high; this hall appeared very gloomy. Beyond and connected with it are three dormitories, with sloping plank bed places, such as are used by soldiers in guard-rooms. When I entered No. 1, the breeze was blowing so freely down the air shaft as to extinguish the torch that was carried to show us the shape of the room, which, to my eyes, was perfectly dark; it appeared to be about 35 by 50 feet. Attached to the hall, and to the right of the entrance, is a large court-yard, where the prisoners take exercise, and where the water-closets are placed. This yard is closed at night.

The Casas Matas are not underground, but are on a level with the court-yard. I may notice that for those prisoners who prefer to work to being idle, workshops are provided, where they can earn daily a certain amount of money. One statement made by the crew turns out to be correct, notwithstanding the denials of the Peruvian Government. The convicted prisoners, though locked up in separate dormitories during the night, pass the whole day freely, mixing with the untried prisoners.

With regard to their food, Mr. March reports in his despatch of December 26, 1874: "The food (of the prisoners) consisted of boiled meat and rice, with a quantity of haricot beans, and some good bread." Dr. Watson, Medical Inspector of the Board of Trade, September 2, 1875, describes the food furnished to the men as "wholesome and clean," and adds "that the prisoners have little cause of complaint in the matter of medical care, food, or lodging;" and, again, November 11, besides "those prisoners who were exceptionally favoured, all received enough for their several necessities."

The late Mr. Sibley's remark to me on the subject of the food probably conveyed the real truth:—"We get plenty of it, but it is not what we are accustomed to."

I have never been in any prisons in England, but I have been in some abroad; and, certainly, I think prisoners would prefer the Casas Matas of Callao to the generality of those foreign prisons. There is very great liberty; the prisoners receive their friends both male and female, twice a week, who are permitted to penetrate even into the dormitories; in fact, this liberty has degenerated into licence.

I think that there is no ground whatever for the statement that the crew of the "Talisman" were treated "with unjustifiable cruelty," unless being kept in prison eleven months be so considered. Their detention in prison from the time the judgment of the Superior Court was rendered in September to their liberation in November, was entirely the fault of Mr. Haddock, who entered a useless appeal for objects of his own, and many delays between April and September may likewise be traced to the action of the defence. For these delays neither the officers nor the crew were responsible; the blame rests entirely on Mr. Haddock, who felt little of the rigours of prison life.

With regard to the conduct of the Peruvian Government in this case it is very difficult to speak. The Executive and Judicial powers are in theory completely separated, but in many cases the Government can shorten the period occupied by a trial. In the beginning some apathy was shown, and some observations were made which deceived the crew into the belief that they would soon be liberated, but in my first conversation with Señor de la Torre, in March, 1875, he was frank enough to tell me that all the prisoners would be sent before the criminal courts. Scarcely crediting the complete separation which legally exists between the Judicial power and the Executive, I for some time never missed a week in urging on the Government the necessity of closing the trial.

When the case was sent before the Superior Court in June it was not given priority, but was heard in its turn, and judgment was not delivered until September 21. Then I

went to the President with a copy of the judgment in my hand, and having read it, he said he would accede to my request that the crew should be liberated. Within a day or two I heard that Mr. Haddock had appealed to the Supreme Court, and another delay of six weeks took place; but as a fact, the crew would not have been liberated by order of the Court had not the President used his personal influence to obtain this merciful sentence.

In reviewing the whole case, I think but little blame can be attached to the Executive Government for the delays in the trial of the "Talisman;" they arose from the antiquated vicious system of procedure, which the Government and the public equally condemn, but which is protected by the influence of the lawyers.

One thing is certain, that the crew of the "Talisman" were treated as well as Peruvian prisoners, and that they were confined in the only place in Callao which is used as a prison.

Had the crew of the "Talisman" exercised a little common sense, and taken the usual step of seeing their Consul at Caldera, in order that inquiry might be made into the object of the voyage of the vessel, after so many passengers had been surreptitiously embarked, and who, to avoid being noticed by the Chilian authorities, kept themselves shut up in their cabins, they would have saved themselves much suffering, and would have saved this country from the disasters of a civil war.

Having thus carelessly allowed themselves to be made the instruments of revolutionists, I do not consider that the crew are entitled to any indemnity for their detention in prison while waiting for the final judgment on the "Talisman."

Since writing the above I have received the inclosed report from Mr. Graham, who, at my request, privately visited the Casas Matas yesterday.

As far as it goes it quite confirms what I have reported to your Lordship, and disproves most of the allegations of the crew of the "Talisman."

I have, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 75.

Mr. Graham to Mr. St. John.

Sir, *Lima, May* 10, 1876.

IN compliance with the verbal instructions received from you, I proceeded yesterday to Callao in order to inspect the prison of Casas Matas, in which the crew of the steamer "Talisman" were confined, and to inquire into the truth of certain allegations made by them with regard to their treatment and the rations they received while in prison there.

The plan of the prison with which you were good enough to furnish me I found to be substantially correct.

With regard to the treatment of the men in question, I find that, contrary to the usual custom, they were provided with mattresses and blankets upon their arrival, and were established in the dormitory marked No. 13 on the plan, in which place they passed the nights, together with other untried prisoners. The condemned prisoners are shut up at night in the dormitories marked Nos. 11 and 12 on the plan. To enter all these places it is necessary to descend two steps from ward No. 7, which serves as a passage, and which itself is on the same level as the main entrance to the prison. The dormitories are vaults or case-mates of the old fortifications. They are dark and gloomy, but there is a sufficient supply of air provided by five air shafts or ventilators opening into each dormitory; these shafts are kept open night and day. To the left of the passage or ward marked No. 7 are several small rooms or open spaces, in one of which Sibley had his bed, a favour which, I understand, was granted to him on account of his good behaviour, and out of which circumstance the unfortunate quarrel which led to his murder arose. At 6 A.M. the whole of the doors of the dormitories are opened, and all the prisoners, both those condemned and uncondemned, are allowed free access to the open courtyard on the right, and, in fact, to all the spaces comprised within the outer gate opening into Ward 7. No sentries or other official functionaries are on guard within the said limits, and the prisoners, without distinction of class, wander about at will.

There is a passage extending from the above-mentioned outer gate of Ward 7 to the railing in front of the prison, and at this railing the prisoners are allowed to receive their friends. Several of them were so engaged during my visit. A great laxity of supervision on the part of the prison authorities appeared to prevail during these visits, and I was further informed that the friends of the prisoners, both male and female, were

allowed to penetrate to the interior of the prison twice in every week, so that it is not surprising that knives and other dangerous weapons should be easily introduced into its precincts.

My visit, as you are aware, was quite unannounced, and the prison authorities, who are altogether unacquainted with me, had no idea of who I was, and merely took me for a casual visitor, and I had, therefore, a good opportunity of seeing things in their true colours. I visited the kitchen and saw the rations served out for the prisoners' dinner. I can only speak in high terms of the cleanliness which prevailed in the preparation of the food. What I personally saw served out to them yesterday was as follows:—1 plate of soup, of good quality, 1 ditto rice, 1 ditto meat, 3 small loaves of white bread.

Any prisoner not satisfied with the quantity supplied is served again, and I saw this course adopted in many instances.

At the end of the distribution of food a quantity remained undisposed of, which was given to the wives of the prisoners, many of whom, I was assured, supported their families out of the extra rations.

In making the above remarks with regard to rations, I can quite believe that the style of food is not that to which English seamen are accustomed, but I can confidently state that both the quantity and quality are good.

The list given me of the average quantities of food supplied per diem to each prisoner is as follows:—2 plates of soup, 1 lb. meat, 4 or 5 small loaves of white bread, 4 oz. rice, 3 oz. beans, potatoes or sweet ditto, various other green vegetables at times.

I do not believe that this scale of provisions is strictly adhered to. The prisoners appear to be allowed to replenish their cans according to their hunger.

The prisoners, some hundred in number, struck me as presenting a healthy appearance.

I have, &c.
(Signed) J. R. GRAHAM.

Inclosure 2 in No. 75.

Plan of the Prison of Callao.

[See Inclosure 2 in No. 50.]

No. 76.

Mr. St. John to the Earl of Derby.—(Received June 13.)

My Lord, *Lima, May 10, 1876.*

IN my despatch of March 27, 1876, I reported many circumstances connected with the death of Mr. Sibley, but since then I have received from the Secretary of State for Foreign Affairs his version of the affair. It is perfectly incomprehensible that he should continue to insist on the complete separation of the tried from the untried prisoners, when such separation no way exists in fact, and can never exist in the prison as it is at present constituted. At night they are separated, but in the daytime they all mix freely together. None of the "Talisman" prisoners, except Mr. Haddock, have been confined in the corridor and rooms reserved for a few favoured prisoners. M. la Torre's description of the prison is so utterly at variance with fact that it is evident he has never visited it, and has even misunderstood the descriptions given him.

There is probably no prison in the world where less discipline exists than in that of Callao.

In the first place, from 6 o'clock in the morning till 5·30 in the evening, condemned and uncondemned prisoners mix freely together.

Twice a week the male and female friends of the prisoners visit them, and penetrate even to the dormitories, and it is during these visits that the prisoners are sometimes furnished with arms, knives, materials for forging bank notes, and tools used for digging tunnels under the wall in order to effect their escape. For instance, a few days after Viterio stabbed Sibley, he and his friends were so supplied, and succeeded in tunnelling under two-thirds of the wall before they were discovered.

The interior of the prison is left entirely without any control; no sentry or gaoler ever enters, except for some special purpose, as to lock up the condemned at night; so

PLAN OF THE INTERIOR OF THE "CASAS MATAS" OF CALLAO.

EXPLANATION.

No. 1. First court-yard.

„ 2. Judge's court-room.

„ 3, 4, 5. Small rooms for political prisoners (Mr. Haddock's).

„ 6. Turnkey's room.

„ 7. Room common to all the prisoners; 20 metres by 5 metres.

„ 8. Master shoemaker's room.

„ 9. Small solitary confinement room.

„ 10. Open exercise yard.

No. 11. Ward for prisoners committed for trial.

„ 12. Ward for those sentenced to imprisonment.

„ 13. Ward for political prisoners under trial.

„ 14, 15. Rooms set apart for prisoners of consideration.

J, F, D, A, R. Beds of the first room.

C, S. Beds of the second room.

M. Mourgon's bed.

P. Sibley's bed.

Nos. 21, 22, 23. Table and chests which Viterio tried to remove to place his bed in. Cause of the affray.

„ 24. Spot where Sibley was wounded.

„ 25. Spot where the Alcalde (jailer) was when informed of the affray.

„ 16. Political prisoners' ward.

„ 17. Shoemakers' room.

„ 18. Passage leading into No. 18.

„ 19. Carpenters' workroom.

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that when a quarrel arises, there is no official whatever to interfere to endeavour to restore order.

In Sibley's case, when he saw Viterio determined to put his bed into his recess, given to him as a favour on account of his good behaviour, he prudently went and spoke to the second gaoler, and finding that he did not interfere he had a letter written to the principal gaoler, who came, but did nothing. Had he ordered Viterio to be removed, as he should have done, the life of Sibley would have been saved.

It is another proof of the want of discipline of the prison, that a prisoner could with impunity abuse the chief gaoler, and refuse to obey his orders.

Yesterday two prisoners climbed up the wall of the yard and escaped, though a sentry was on duty within a few yards of them.

Personally there could have been no desire on the part of the gaolers that any harm should happen to Sibley; on the contrary, they were particularly kind and civil to him on account of his quiet demeanour. Who is responsible that there is no surveillance within the prison it is difficult to say, but the fact remains that there is no surveillance whatever.

The Peruvian Government cannot be held responsible for Sibley's death, except very indirectly; that is, in permitting prisoners to be placed in the casemates of a fortress where no separation of the convicted from the unconvicted is possible, and where men in Sibley's position are forced to associate the whole day with murderers, and robbers, and ruffians of the worst class, such as Viterio, of whom the chief jailor says "his antecedents are deplorable; he is quarrelsome and violent, and is known here for his bad life; in proof of which he has already served a term of imprisonment in the Casas Matas of sixteen months for robbery."

The circumstances attending the death of Sibley are very simple, and with the exception of one statement, are in no way disputed. The chief jailor gave Sibley a recess off the first ward, and he shared it with a Spaniard, a friend of his named Mourgon. On the 6th of March Viterio attempted to place his mattress in the same recess, this was opposed by the Spaniard; an appeal was made to the chief jailor, who ordered Viterio to remove his mattress; instead of doing so he presently knocked down Mourgon, and then struck Sibley in the face. Sibley closed with him and threw him down; some of the bystanders, Sibley says, interfered to separate them, when Viterio, finding his hands free, used his knife and stabbed Sibley twice, first in the neck and then in the breast. Sibley was sent to the hospital, and in spite of careful medical attendance (and the attendance appears to have been undoubtedly good) he died on the 12th of March. Viterio was confined for one night in a solitary cell, and then sent back to the common jail, where, being furnished with tools, he made the attempt to escape to which I have referred. He has since been confined in a hole resembling a bear-pit.

It may not be irrelevant to remark that Viterio was put on his trial for robbery in May 1875, and that that trial has not yet terminated.

There has been no confirmation of Sibley's statement that the bystanders interfered; the witnesses think that Viterio freed one of his hands, and then stabbed Sibley in the neck; but there was great confusion, and the affair was over immediately.

I have, &c.

(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 76.

Report.

(Translation.) *Departmental and Provincial Prison of Callao, March 6, 1876.*

Señor Judge,

BETWEEN 11 and 12 o'clock to-day Teodoro Mourgon, an untried prisoner, subject of His Catholic Majesty, informed me that the untried prisoner Avelardo Viterio, an Equadorian, had placed his bed between those occupied by the said Mourgon and the untried political prisoner ex-first mate of the steamer "Talisman," subject of Her Britannic Majesty, in the second cell of the left of the transversal ward of this prison. I at once went inside and ordered Viterio to remove his bed and place it in the first cell, warning him in severe terms not to make a disturbance or give rise to quarrels; however shortly after I had gone away I heard of a quarrel, and on turning back I met with the Englishman Sibley bleeding from two wounds, his shirt being also torn and bloody. It appears from the inquiry, which I instituted with great care, that scarcely had I left the little cell when the Equadorian Viterio struck the Spaniard Mourgon, and that upon Sibley

coming forward to defend him he was wounded by Viterio with some sharp instrument, which it has not been possible to find. The witnesses present when the attack was made were the condemned prisoners Corporal Nicolas de los Rios and Vicente Deleonandi, and the untried prisoners David Mill and Carlos Goden. Without the loss of a minute I had the wounded man conveyed on a hand chair to the gate of the castle, where a carriage was waiting to convey him to the Guadalupe Hospital, accompanied by the Chaplain. In this establishment he was attended with every care, the first remedies being applied in the prisoners' ward. The aggressor was ironed in the punishment cells, where he remains.

I consider it my duty to inform you that during the whole time Sibley was in this prison he maintained a good and quiet conduct, while Viterio's antecedents are deplorable; he is quarrelsome and insolent, and is known here for his bad life, in proof of which he has already served a term of imprisonment in the Casas Matas, on the 3rd of March, 1870, of sixteen months for robbery.

In conclusion, I beg to inform you that I to-day send a copy of this despatch to Doctor Don Uladislao Rospigliosi, in whose court Viterio and his co-prisoner José Escajadielo are being tried, since May 22, 1875, on an accusation of robbery. I also place the matter in the hands of the Señor President of the Supreme Tribunal, through the Secretary of the Court of Crime.

To the Judge of Crimes on Duty,
Dr. Don Isaac Suero.

Inclosure 2 in No. 76.

Señor de la Torre to Mr. St. John.

(Translation.) *Lima, April* 4, 1876.

IN order to be able to reply to your despatch of March 13th last, relative to the death of the British subject Mr. Sibley, which occurred in the Prison of the Casemates, I asked the Prefect of Callao and the Judge of First Instance of the Province, for the necessary information.

From this information, which I have before me, it appears that, on the 6th of the said month at 12 o'clock in the day, the Judge of Callao, Dr. Suero, was verbally informed by the Governor of the Casemates that a few minutes previously the first mate of the "Talisman" had been seriously wounded in one of the wards of the prison by the untried prisoner Viterio. The Judge immediately gave orders for the wounded man to be conveyed to the Guadalupe Hospital, in order that he might be attended to without loss of time, for which purpose Drs. Tavára and Prieto were at once called in. As soon as the written statement of the occurrence had been received, which happened very shortly, in view of the urgent necessity to take the deposition of the wounded man, the Judge proceeded to the Hospital, accompanied by the interpreter; and, after Sibley's wounds had been dressed, his deposition was taken with great deliberation, lasting to a late hour.

As to the accused Viterio, he was placed in a dungeon; and, on account of the violent state of excitement he was in, he was left in solitary confinement until he had become calm, when the Judge took his deposition, the case being continued by the declarations of the Governor and other witnesses summoned.

As your Excellency will perceive, the Judge acted with the activity the case required, and if Sibley's life has not been saved, it has not been for want of care and attention. A board of medical men composed of the English Doctor in Callao, and of Drs. Tavára, Prieto, Puccio, Fonseca, and Dodero, attended him with the greatest care.

The only person responsible, however, for this deplorable event is the author of the crime; and it is a pity that your Excellency, no doubt badly informed, should have thought that, for some reasons, the authorities of the country should be partly responsible. Your Excellency says that Sibley was knifed by a famous robber, and that the deed was witnessed by two condemned criminals, and by two prisoners submitted to justice. On account of this, your Excellency complains that innocent men are mixed up in prison with condemned criminals, and your Excellency repeats the assertion you have before made to me relative to this.

Now I can and must repeat to your Excellency what I stated in my despatch of the 10th of February last, with respect to the complete separation of the untried prisoners of the "Talisman" from the condemned criminals. In effect, the accused Viterio, submitted to trial for robbery, was only detained without having been yet condemned. The

witnesses of the deed were also untried prisoners; only one of them had been sentenced in First Instance, and his case is before the Superior Tribunal. None of them, therefore, are condemned criminals.

In order that your Excellency should better understand the separation of the prisoners, I will enter on certain details. The Prison of the Casemates contains three large wards. The first is used for untried political prisoners, and there, although their case was not of this nature, the "Talisman" prisoners have remained enjoying the advantages of the place, which is independent towards the interior. The second contains untried prisoners accused of common offences, and the third is occupied by criminals condemned to imprisonment.

These three wards have a common passage, where the prisoners take an airing, and also a large yard in which they sun themselves. The condemned criminals do not, therefore, live or dwell under the same roof with the other untried prisoners, as your Excellency has been informed.

In the present case there is something more. As an especial exception, the Governor of the prison allowed Sibley and a friend of his to live in an apartment separated from the wards, and composed of two rooms, where they enjoyed more comfort. This preference gave rise to Viterio's attempt to establish himself in this locality, and the opposition made by Sibley's companion gave rise to the conflict in which he lost his life.

Your Excellency also complains in the note to which I am replying, of the delay on the part of the Judge in conducting this trial, and to which the death of Sibley may be attributed.

If your Excellency refers to the prize trial, I shall allow myself to repeat here what I have said on various occasions. The case of the "Talisman," from its nature, had to be of long duration, as it was, so to say, in relation to different Departments of the Republic where the vessel had called, and to which it was necessary to send in order to procure data. Delay was also caused by the appeals of the accused, and at last by their appeal of nullity; and, as the greatest liberty was accorded to them for their defence, all these circumstances tended to prolong the trial, without its being possible for the Judge to shorten the process outside the provisions of the law. As for the criminal case afterwards instituted against the captain and mates, it will suffice to remind your Excellency that it was begun at the end of December of last year, by order of the Supreme Court, and that the Judge began the case on the 12th of January last, taking active measures relative to the depositions to be taken in the Province of Pacasmayo, in order to obtain the large amount of evidence of the witnesses of the offence committed there. The Judge not only sent notes, but a Special Commissioner to San Pedro and Pacasmayo to obtain the conclusion of the investigation. I can assure your Excellency that no trial of such a serious nature and importance as the present has been tried and finished with greater promptitude; and I say finished, as the defence of the prisoners is about to close. The sentence will be pronounced when the short interval granted by the law for the benefit of the accused shall have elapsed. You will thus see that the criminal trial of the captain and mates of the "Talisman" has been finished as quickly as possible, taking into consideration the nature of the case, and that the Judge cannot be accused of want of goodwill.

After what I have said, it only remains for me to assure your Excellency that the trial which has arisen out of the unfortunate Sibley affair is going on in a legal manner, and will soon be finished.

I have, &c.
(Signed) A. V. DE LA TORRE.

No. 77.

Mr. St. John to the Earl of Derby.—(*Received June* 13.)

My Lord, *Lima, May* 12, 1876.

ONE of the complaints of the crew of the "Talisman" is, that whilst on board the ironclad "Huascar," they were forced to work as if they formed part of the crew of that vessel. The "Huascar" is commanded by Captain Gran, a gentleman who is not only a Post Captain in the navy, but who has commanded English ships, and knows British sailors well, and on whose word every reliance can be placed. I had the complaint of the sailors laid before him. He replied that it had no foundation. When the crew of the "Talisman" came on board the "Huascar," they found the Peruvian iron-clad half manned by their own countrymen, and the engineers soon joined the engineers, and the

sailors mixed together. During the manœuvres the men of the "Talisman" often aided their countrymen, as the vessel was short-handed, but no order was ever given them to do so. On the captured men quitting the "Huascar," the officers and men collected a sum of money and handed it to the prisoners before they went on shore.

This account is partly confirmed by Mr. Graham, who went on board the "Huascar," at Mollendo, and saw the crew of the "Talisman" there. They spoke to him, and asked him to get their letters for them from Valparaiso, but made no complaint whatever of ill-treatment, nor do they appear to have complained on their arrival at Callao.

Captain Gran offered to send up the English members of his crew in batches to this Legation, so that they might be questioned on the subject, but I did not think it at all necessary to accept his offer.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 78.

Mr. St. John to the Earl of Derby.—(*Received June* 13.)

My Lord, *Lima, May* 12, 1876.

I HAVE the honour to acknowledge the receipt of your Lordship's telegraphic despatch of May 4 :—

"Explain by telegraph why 'Talisman' prisoners are detained, if not on account of appeal. Press for their immediate release."

When the sentence of banishment was pronounced by the Callao Court, being unable to leave my bed I sent for Mr. March, and directed him to call on the Minister for Foreign Affairs and the Advocate for the defence, to find out what had occurred. He returned next day, and said that both had told him that the prisoners had appealed, and that the case must go before the Superior Court, adding :—"What can be done for men who appeal against a sentence of banishment?" Upon hearing this acccount, I sent a telegram to that effect to your Lordship. King subsequently informed me that he would not appeal against the sentence of the Superior Court if it confirmed the sentence of the Callao Court, and I wrote to the Secretary of State on the subject. In his reply he stated that whether the prisoners had appealed or not, the sentence would have been sent to the Superior Court to be confirmed, altered, or revoked, upon which I telegraphed to your Lordship that I was trying to separate the case of King (who did not wish to appeal again) from that of Haddock, whose Advocate told me he would appeal to the Supreme Court. Thinking that I might have conveyed an erroneous impression by my previous telegram, I sent another, saying :—

"Appeal of the prisoners not the cause of their being before the Superior Court."

This telegram appears to have been misunderstood, and to-day I have telegraphed to your Lordship that :—

"All sentences go before Superior Court to be confirmed, altered or revoked, whether there is an appeal or not; sentence not yet pronounced."

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 79.

Mr. St. John to the Earl of Derby.—(*Received June* 13.)

My Lord, *Lima, May* 13, 1876.

I BEG to inclose the correspondence which should have accompanied my despatch of April 27, 1876.

The case of the "Talisman" prisoners continues before the Superior Court; the delay in terminating it arises from the Judges declining to hear it until it comes before them in its regular turn. A new complication has arisen in the Fiscal of the Court, demanding that the prisoners shall be condemned to the penitentiary, as they were pirates, and were so considered by the English Diplomatic Agent in Lima, who had ordered the pursuit and capture of the "Talisman." I need scarcely say that there is no foundation for this statement; Mr. March informed Commander Long of the accusations brought by the Peruvian Government against that vessel, and requested him to overhaul her, and

inquire if she had committed any breach of the law; but between such an inquiry and a declaration that the vessel was piratical, there is a very great difference.

I am informed by the advocate for the defence that if the Superior Court confirm the sentence of the Callao Court, none of the prisoners will appeal, but that the sentence will be sent back to the Callao Court for the Judge to fix the number of years of banishment. This, which is of little interest to the two Englishmen, is of great importance to the two Peruvian officers, passengers on board the "Talisman," who are being tried with them. This mixture of the two cases, which have little in common, was, during the first trial, a fruitful cause of delay, and furnished the Callao Judge with many occasions for saying that he was waiting for fresh witnesses.

If the Superior Court should condemn the prisoners to the penitentiary, they will naturally appeal to the Supreme Court.

I have, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 1 in No. 79.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, April* 20, 1876.

I HAVE heard that the Court at Callao has condemned the two "Talisman" prisoners to banishment from the territory of Peru; and that the matter has been now carried before the Superior Court. It is stated also that Mr. Haddock has appealed against the sentence.

Now, I desire to give your Excellency formal notice, that Mr. King, second mate, has nothing whatever to do with this appeal; that if the Superior Court confirm the sentence of the Callao Court, he is content to abide by it, and quit the country; and should Mr. Haddock appeal to the Superior Court, he desires it to be clearly understood, that he has nothing to do with it.

I should be glad that this despatch should be brought to the notice of the Law Officers of the Republic, in order that a man who does not appeal, should not be treated as one who has appealed, and that the cases of Haddock and King may be separated.

I avail, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 2 in No. 79.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, April* 21, 1876.

I HAVE the honour to acknowledge the receipt of your estimable note, dated yesterday, relative to the case of the "Talisman,"

According to our Penal Legislature, even in case no appeal is made against the sentence in First Instance, the Judge must send the case to the Superior Tribunal; and this Tribunal can, in either case, confirm, revoke, or modify the sentences, in the case of all accused, without any one of them being removed from the case, excepting the accusation has been overruled by the Tribunal of the first Instance, and the sentence to that appeal has been confirmed.

Your Excellency may be convinced that the Tribunals will act in strict conformity to the provisions of the laws.

Accept, &c.
(Signed) A. V. DE LA TORRE.

Inclosure 3 in No. 79.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, April* 24, 1876.

I HAVE to acknowledge the receipt of your Excellency's despatch of the 21st instant.

Your Excellency has not probably caught the meaning of my despatch of the 20th instant, which was that I had heard that if the Superior Court confirmed the

sentence of the Callao Court, Mr. Haddock has the right to appeal in his own name, but he has no right to appeal in the name of King as well.

King, the second mate, having no one to whom he can address himself for protection except myself, has informed me that, if the Superior Court confirm the sentence of the Callao Court, he desires to accept it as a final sentence and quit the country. Under these circumstances he will refuse to appeal to the Supreme Court. Now appeal is essentially a voluntary act, and no one has a right to make him appeal against his will.

It is King's intention that should Mr. Haddock appeal to the Supreme Court against a sentence of banishment from Peru to demand to have their cases separated, and I intend to support that demand, and I write in advance so that there may be ample time for the arrangement to be made.

I will direct King to address a note to Dr. Fernandez informing him of his intention not to appeal against a sentence of banishment from Peru.

Accept, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 4 in No. 79.

Señor de la Torre to Mr. St. John.

(Translation.) *Lima, April* 24, 1876.

AS your Excellency's note of this day's date, relative to the sentence pronounced by the Judge of Callao in the trial of Messrs. Haddock and King, is not in proper form, I am obliged to return it to your Excellency.

I have, &c.
(Signed) A. V. DE LA TORRE.

Inclosure 5 in No. 79.

Mr. St. John to Señor de la Torre.

Excellency, *Lima, April* 26, 1876.

I HAVE the honour to acknowledge the receipt of your Excellency's despatch of April 24, in which you return my despatch relating to King's not desiring to appeal.

I will inform Her Majesty's Government by telegraph of the extraordinary and unaccountable conduct pursued by the Peruvian Government towards this Legation.

Accept, &c.
(Signed) SPENSER ST. JOHN.

Inclosure 6 in No. 79.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, April* 27, 1876.

In the afternoon of yesterday your Excellency's despatch of the same date was placed in my hands, in which, in acknowledging the receipt of my despatch, dated the 24th, you are pleased to state to me that you informed Her Britannic Majesty's Government of the extraordinary and inexplicable conduct, as your Excellency terms it, observed towards your Legation. Your Excellency cannot fail to understand how much the course you have adopted has surprised me, as having returned your Excellency's note of the said day, 24th, not on account of its contents, or the terms in which it was written, which could not be imagined, as we were both occupied on the same affair, as my despatch of the 21st proves, but on account of the form in which it was received, lines being effaced. It never entered into my thoughts to decline to receive the note when this defect should have been remedied, a defect which I could scarcely believe could come from your Excellency, who is so familiar with the rules of etiquette which govern official communications.

The two effaced lines in the said note, and the unfortunate circumstance of its having been accompanied by the private note of your Excellency of the same date made it doubly necessary for me to call the attention of your Excellency to the form of this

document, and wait, in order to reply to it, that your Excellency should be good enough to correct the material defects it contained.

I was therefore in hopes that your Excellency would estimate properly the cause and object of the return of the note. I am profoundly sorry to perceive, by your despatch of yesterday, that you have given the circumstance a very different interpretation, and I therefore think myself obliged to determine one and the other reason, by stating to you that in view of the sentiments of friendship and consideration of my Government towards that of Her Britannic Majesty, there can be no question of refusing to receive your Excellency's despatch on account of the matter which it turned upon, but simply that it might be put in the form customary between diplomatists, and even in the private communications between gentlemen, that is to say, without words and lines erased, and in that case there would not have been, and there exists no impediment to its being received.

It is the duty of my Government to place this disagreeable incident in its proper point of view, so that it shall not be considered to be a want of good understanding or consideration towards the Government which your Excellency represents, nor allow it to affect the cordial relations which exist between the two countries; and I avail, &c.

(Signed) A. V. DE LA TORRE.

Inclosure 7 in No. 79.

Señor de la Torre to Mr. St. John.

(Translation.)

Sir, *Lima, May* 8, 1876.

INCLOSED in your Excellency's despatch I have had the honour to receive, in proper form, your despatch of April 24, to which I now reply.

Your Excellency is of opinion that I have not quite understood the meaning conveyed in your despatch of the 20th, when I explain in mine of the 21st the legal measures which make it impossible to accede to the wishes of Mr. King, late second mate of the "Talisman." Your Excellency states that King, in case the Superior Court confirms that of First Instance, and that Captain Haddock appeals to the Supreme Court to annul the sentence, wishes to conform to that of the Superior Court with respect to himself, in order not to be brought before the Supreme Tribunal.

Although all this is merely a supposititious case on the part of the said mate, I am sorry to have to repeat to your Excellency what I said in my despatch of the 21st, viz., that the course of the trial cannot be altered, in accordance with the provisions of the laws, as the parties interested, and also the Public Prosecutor, have the right to interpose all the resources allowed by law.

However, if through the action of one of the parties the case is carried before the Supreme Tribunal, this Tribunal can declare the sentence not null, or, if it declares it so, it can alter it in any sense it may consider legal, with respect to the party appealing to its decision, and also with respect to the other persons accused.

I must also point out to your Excellency that King, in Second Instance, as in any other, can appoint a lawyer to defend him in case he should not have one, or apply to have one named officially; and it will be the duty of this lawyer to defend him before the Courts, and to bring forward all the grounds on which he thinks he can found his demands, as the Courts alone can determine what is legal. There is no reason, therefore, for putting diplomatic action into play. It is reserved, as your Excellency knows, for certain special cases, and is not to be used when justice is following its natural course, with strict subjection to the provisions of the laws of the country, to which all those who commit offences therein are subject.

Having replied to your Excellency's despatch, to which I referred in the beginning, I avail, &c.,

(Signed) A. V. DE LA TORRE.

No. 80.

Consul March to the Earl of Derby.—(Received June 13.)

My Lord, *Callao, May 13, 1876.*

I HAVE the honour to inclose a copy of a despatch I have addressed to Mr. St. John on the subject of the "Talisman" and the alleged ill-treatment of the crew.

I have, &c.

(Signed) EDWARD MARCH.

Inclosure in No. 80.

Consul March to Mr. St. John.

Sir, *Callao, May 12, 1876.*

I HAVE read and carefully considered the statements contained in the inclosures which, by direction of the Earl of Derby, you transmitted to me in your despatch of the 3rd instant relative to the officers and crew of the "Talisman," and whilst agreeing with Dr. Cameron in some of his remarks, I must state that, in the main, the account he gives does not appear to me to accurately represent the case.

The legal points of the question having been dealt with by Her Majesty's Legation at Lima, where the documents relating thereto are lodged, I am not in a position to report upon them as fully as it may be in your power to do; I will therefore confine my remarks principally to the ill treatment to which, it is alleged, the officers and crew were subjected during the time of their imprisonment at Callao.

In former communications on this subject I stated to the Earl of Derby that the prison at Callao, though not comparable to similar establishments in England, was not so bad as some I had seen in Europe, and that, considering the circumstances of the case, I thought the officers and crew of the "Talisman" were being fairly well treated. I am still of this opinion. The compartment, and not cell, occupied by the crew was undoubtedly gloomy, but it cannot be described as a "foul dungeon." It was ventilated by three windows and opened into another equally large room, from which it could be shut off by a door of iron grating. On inquiry I find that two of the windows or openings for air were 1½ metres wide by 1 metre high, whilst the third, opening on to the sentry's beat, was 1½ metres wide by 2½ high. I repeat that on all the occasions on which I visited the prison I never noticed any effluvia, offensive smell, or vitiated atmosphere. There is some difficulty in ascertaining whether the inmates of the prison were classified and kept separate during the day; I am inclined to think not, but I am positively assured that such, at all events, was the case at night. Thus the crew were, according to the best evidence I can command, not associated with criminals during that important portion of the twenty-four hours. The Peruvian Minister for Foreign Affairs, writing to me on this point said: "You will see that the crew have been duly attended to, and that they are not, as you were assured, in the same place as the sentenced wrong-doers, but in the company of those similarly detained." Their room was separated from the rest of the prison by the door of iron-grating already mentioned, which used to be closed in the evening until the following morning. With the crew were lodged for two months 2 colonels, 2 majors, and 3 captains, and this section of the prisoners all, I am told, had their meals together. These meals, served twice a-day, consisted of boiled meat, rice, and beans, cooked in different ways, with a fair allowance of good bread, and if the quantity was not so great as was desirable for strong, healthy men, the quality seemed to me unobjectionable. Meat, let it be noted, was served twice a-day. The crew were also supplied with mattresses and blankets, purchased, I now find, by the Peruvian Government for their special benefit. This, perhaps, was one of the greatest advantages they enjoyed over their fellow prisoners, the majority of whom had nothing but their "ponchos," or a blanket to lay upon. At this moment, I am informed, there are ninety prisoners thus situated. For exercise during the day there was an unroofed yard, with an unlimited supply of water for washing and other purposes. The closets, also with constantly running water, were situated in this place. As rain is all but unknown here, there was nothing to prevent the prisoners from respiring the refreshing sea-breezes which blow over Callao, and especially that part where the Casas Matas is situated and which is close to the beach. This yard was open from 6 A.M. to 6 P.M.

I do not say that the prison of Callao is not bad and faulty both in construction and management, but I cannot conscientiously describe it as a "casemate, underground, and

a foul dungeon reeking with filth." I saw no filth whatever in any part of the building occupied by the crew.

It is likewise said, that the officers and crew were, as prisoners, ill-treated whilst at Callao. If they were wrongfully detained, the charge is correct, but otherwise, that impression is, in my opinion, wholly erroneous. Those who were made prisoners at Pacasmayo may have suffered considerable hardships, but of that part of their history I know nothing further than that, when in charge of the Legation, I recorded the complaint and demanded the Peruvian Government to investigate it. From what came under my notice at Callao, I can only say that, looking upon them in the light of prisoners—whether legally so or not will be decided by Her Majesty's Government—they appeared to me to be fairly well treated, and certainly not "cruelly and in a degrading manner, subject to every outrage and insult." It might be imagined that being foreigners, they were exposed to unusual humiliations and annoyances, but far from this being so, they were treated with much consideration by the Alcalde, and many a muttered remark have I heard from the rest of the prisoners at the favour thus shown to the "Inglises." At one time, the first and second mates and the engineer were granted accommodation outside the main building, wholly apart from the rest of the prisoners and contiguous to the room occupied by the master, Mr. Haddock, but they forfeited this great privilege by the fact of eight revolvers having been discovered secreted in their mattresses when an unsuccessful attempt was made to capture the Callao fortress. It is added that these British subjects were detained in prison when the Peruvians implicated in the same transaction had long since been set free. This, I think, is an error. There were 188 officers and privates of the Peruvian army at one time or another in the gaol, and although some were set at liberty, others—those immediately connected with the "Talisman" expedition—were detained and continue to this day in gaol. It was only so late as the 6th instant that a Sergeant-Major was removed from this locality occupied by the crew after having been there since the 1st day of January, 1875. Therefore, without denying that the crew of the "Talisman" may have suffered both morally and physically by their imprisonment, I must say those sufferings, such as they may have been, resulted entirely from the condition of the prisons in Peru and the mode of administering the law. They were not in any way exceptional or such as under the circumstances could have been prevented except by setting the prisoners free. And this leads me to observe that, whatever steps Her Majesty's Government may be advised to take in this question, they will, in my opion, have to be based, not so much upon the alleged cruel treatment of the crew, but on the legality or otherwise of their imprisonment and the protracted proceedings to which they were subjected.

The expression used by Dr. Cameron of "being brought to trial," hardly applies to the manner in which justice is administered in this country. Any one charged with a violation of the law is first placed in gaol, which measure is called "preventive imprisonment," and then are initiated the legal proceedings, which are conducted by means of written declarations taken before a Judge who attends the prison for that purpose. The process of taking these declarations generally extends over several weeks, according to the Judge's activity in the matter, and if the depositions of witnesses are required, their convenience is also consulted. It is not difficult to see that such cumbrous operations inflict a protracted and cruel imprisonment upon the accused. Thus the simplest case, which, by *viva voce* examination, a magistrate might settle in an hour, is indefinitely prolonged, and, I may say, complicated. The prisoner is never confronted with his accuser nor with the witnesses produced against him. He cannot cross-question them, and, in a word, secrecy and delays mark the whole proceedings. But then these delays, whether or not inseparable in some cases from the judicial procedure followed in Peru, are, as I said before, not exceptional to the case of the "Talisman," and of this no better proof can be adduced than the fact that the first stage of the criminal trial instituted in August 1874, on the occasion of the attempted assassination of President Prado, was only brought to a close on the 25th of February of this year, during the whole of which time two of the accused were in prison, and will continue there until the matter has gone through all the usual stages of the inquiry. Some, it is true, were set free for lack of evidence against them; and this, perhaps, was the cause of Dr. Cameron's misconception on the subject. I am not aware that the crew of the "Talisman" were dismissed from prison without trial. My impression is, that nothing having been proved against them in the initiatory proceedings—those instituted by the Prize Court—they were discharged with a finding equivalent to that of "not guilty."

The documents in the Legation will doubtless enable you to frame the needful

Report on the legal aspect of the question of the "Talisman," but I would state that to me it appears: –

1. That the series of delays originated in the difficulty experienced in collecting the necessary evidence from Chile, and bringing together the scattered prisoners, some of whom were in the north and others in the south of Peru.

2. That the officers and crew were virtually on their trial from the moment the Prize Court assembled to adjudicate on the vessel, a view which the Peruvian Minister for Foreign Affairs endorsed by writing to me as follows: ". . . . . The delay which this affair has suffered has been unavoidable on account of the double character which it has presented, because the criminal trial to which the crew of the ship in question had to be subjected, depended upon the result of the trial of the ship."

3. That, on the first sentence being passed, an appeal was lodged, which delayed the settlement of the case and protracted the imprisonment of the crew.

Undoubtedly, the "Talisman" was wrongfully employed by the Peruvian Government before her condemnation. So also was the engineer who was impressed on board to work her machinery. These irregularities were protested against at the time of their occurrence, and I informed the Peruvian Government that they would be held responsible for them.

The wages at which the officers and crew shipped in the "Talisman," though not excessively high, were much better than the ordinary rate obtained on this coast. For instance, in a small steamer of about the size of the "Talisman," which left Liverpool for Callao in 1874, the wages were as follows:—

	Per Month. £	s.	d.
Mate	7	10	0
Boatswain	3	15	0
Able seaman	3	5	0
Engineer	12	0	0

Whilst in the "Talisman" they were:—

Mate	15	0	0
Second mate	6	6	0
Able seaman	4	10	0
Engineer	20	0	0

It is not for me to allege that the persons on board the "Talisman" were cognizant of the object of the expedition, but having perused the evidence adduced in the course of the prosecution, I may be allowed to have an opinion on the subject, and that opinion is that the master and at least one of the mates knew that they were not bound upon a legitimate voyage Plenty of circumstances were taking place to have caused doubts to every one on board, and perhaps the best proof of this is, that a passenger on his way from Liverpool to Peru, who happened to touch for a few hours at Coronel, where the "Talisman" was then laying, actually had his attention attracted to her, and made a note of her suspicious character. Then again, among the documents forming part of the case for the prosecution, I have seen a letter purporting to come from the wife of one of the officers, in which she says that "Mr. Galloway had been to see her and promised not only 100*l.* but 200*l.* and more" if things turned out all right. The handwriting was the same to all appearance, as that upon some documents which I transmitted to you some time since.

I naturally feel much regret at having to mention these facts, but to omit them in a matter on which Her Majesty's Government are desirous of obtaining all the information possible, would, I think, be wanting in my duty to the Earl of Derby, and certainly contrary to what I deem just.

The inclosures of your letter are herewith returned.

I have, &c.

(Signed) EDWARD MARCH.

No. 81.

Consul March to the Earl of Derby.—(*Received June* 13.)

My Lord, *Callao, May* 13, 1876.

ON concluding the report on the alleged ill-treatment of the crew of the "Talisman," a copy of which is transmitted with my previous despatch of this date, I received the two

inclosed documents. One is from the Medical Inspector of the Board of Trade at Callao, describing the place where the crew were confined and the other is a declaration upon oath, made by the second mate of the "Talisman," giving a cursory account of the expedition in which he unfortunately joined, and stating that the captain on landing at Pacasmayo had on his person a large quantity of gold.

I have much pleasure in reporting to your Lordship that Mr. King continues in the Hospital de Beneficencia, and is even allowed, though under guard, to take exercise in the open air, in a garden with fountains, facing the high road. He is not ill, and therefore these privileges, such as they are, mark some consideration on the part of the authorities towards Her Majesty's Consulate at Callao.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure 1 in No. 81.

Mr. Watson to Consul March.

Sir, *Callao, May* 12, 1876.

IN reply to your request that I should furnish you with a report upon the general condition of the Casas Matas Prison, in which were confined the prisoners of the steamship "Talisman," I beg to inform you that on several occasions I examined both the day and the night departments, and always found them clean and well-ventilated; the sleeping ward, however, was cold in winter, and dark, and on visiting some of the sick I noticed that bedding was very scanty; the water supply was always ample, and food, although coarse, was always sufficient in quantity. The place was not "scrupulously" clean, but always fairly so in all parts of the building. It was thoroughly cleaned every morning, but the habits of the native prisoners are always so dirty that before midday its appearance was very unlike what you would see in a European gaol. There was always a want of discipline within the prison, which made the confinement for Europeans very irksome. They were, however, permitted to see their friends at almost any hour, a privilege not extended to men under similar circumstances in England.

There was no sick ward in the building, and the invalids were removed to the prison ward of the Beneficencio Hospital by the visiting surgeon's orders, or at the request of myself, by politeness of the prison authorities, who never refused to comply with my expressed wish in regard of any sick English prisoner.

I have, &c.
(Signed) JAS. J. WATSON,
Medical Inspector for the Board of Trade.

Inclosure 2 in No. 81.

Deposition of John King.

ON this thirteenth day of May, in the year of our Lord one thousand eight hundred and seventy-six, before me, Bracey R. Wilson, British Vice-Consul at Callao, personally appeared John King, late 2nd mate of the steam-ship "Talisman," who, after being duly sworn, deposed on oath as follows:—

That he joined the "Talisman" in Glasgow in the month of April, 1874, and after about eleven days the vessel left for Penarth. Before leaving signed articles of agreement for general voyage. Deponent was anxious to know to what port the vessel was going from Glasgow, and asked the 1st mate Sibley a great number of times where the "Talisman" was going to, but deponent could get no satisfactory answer. Arrived at Penarth on the 9th day of May, and on the 17th commenced taking in cargo, a policeman being on board to prevent smoking and lights being used; and Mr. Galloway, of the firm of Moran, Galloway, & Co., Liverpool, on the same day made his appearance, and remained in the neighbourhood, and sometimes came on board during the time the vessel was in Penarth. On the 19th day of May the vessel was taken over to Cardiff to receive powder, and then went out into the outer roads, and on the 20th day of May a steam-tender came alongside with Mr. Galloway, two passengers, and a servant. At 8 P.M. steamed down Channel for about an hour. One or two more gentlemen were with Mr. Galloway. The steam-tender again came alongside, and took Mr. Galloway and all the strangers, except the two passengers and their servant, and left, when the "Talisman" proceeded on her voyage. On the 30th day of May coaled, and took in

provisions at St. Vincent, and on the 31st proceeded on to Monte Video, which place we passed on the 18th of June, and proceeded up the River Plate and up the Parana, and arrived at San Nicolas, near Rosario, on the 21st day of June. During this time had no communication with Captain Haddock, except on duty. On the 21st the two passengers and their servant went on shore. The vessel left on the 22nd, and arrived at Buenos Ayres on the 25th, and left on the 12th day of July, and arrived at Coronel on the 30th day of July, where we lay about eight weeks, and during the time the Captain of the Port came on board and dined, remaining all night, and sometimes the British Consul. We received coals and provisions, and cleared for Vancouver's Island, so the Captain of the Port told me. We left on the 23rd, and arrived at Talcahuano the same day, and received some stores, and left on the 5th of October, and on the 11th called at Quintero, where we received from forty to fifty passengers, and left the same day. Deponent recognized the two passengers who came from Cardiff to the River Plate among those who came on board at Quintero, and on the 13th day of October arrived at Caldera; took in coals and provisions, and left on the 15th, and on the 19th or 20th the 1st mate ordered some of the cases to be got out of the hold. The passengers overhauled some of them, and they were put down. After taking out some military coats and caps the cases were put down. On the 23rd day of October anchored in Pacasmayo. At 7 A.M. the Captain of the Port and a Custom-house officer came alongside. Captain Haddock went on shore with the Captain of the Port, and left orders with the 1st mate to send me in the boat if required. After breakfast the mate told me to go on shore with the boat, which I did. The captain (Haddock) ordered me to go on board and fetch the ship's papers, which I did. When I returned the captain was absent; a Custom-house official received the papers, and afterwards the Captain of the Port came and ordered me on shore with the boat's crew, when we were all taken prisoners. A launch load of soldiers went on board of the launch to go to the "Talisman," and were fired on by the passengers. During this time and afterwards we were most severely treated, one of my boat's crew being beat, and afterwards taken on board a Peruvian man-of-war. Afterwards Captain Haddock was brought on board, and on the 19th of November was imprisoned in Callao. Deponent, during the whole course of the voyage to Caldera, asked the 1st mate Sibley many times what the destination of the voyage was, without even getting any satisfactory reply, except that the "Talisman" had to call at many ports on her way to Panama. Deponent knows that Captain Haddock had a large quantity of gold in a belt round his waist when he was taken prisoner.

(Signed) JOHN KING.

Sworn at Callao, on this 13th day of May, in the year of our Lord 1876,
Before me,
(Signed) BRACEY T. WILSON,
British Vice-Consul.

No. 82.

Consul March to the Earl of Derby.—(*Received June* 13.)

My Lord, *Callao, May* 14, 1876.

I HAVE just time before the departure of the mail-steamer to transmit to your Lordship the inclosed copy of a letter which has been published in the Lima papers, purporting to be addressed by the Peruvian Minister for Foreign Affairs to the Representative of the Republic in London, commenting on the debate which took place in the House of Commons relative to the "Talisman."

I pray your Lordship to overlook the hurried manner in which, for want of time, I have been obliged to translate the letter in question.

I have, &c.
(Signed) EDWARD MARCH.

Inclosure in No. 82.

Señor de la Torre to General Prado.

(Translation.) *Lima, May* 8, 1875.

BY the last steamer I received the despatch from that Legation, dated April 1st, giving an account of the Session of the House of Commons of the 21st and 27th March, relative to the conduct observed by Her Britannic Majesty's Government

in their demand of justice for the British subjects who came to Peru in the steamer "Talisman."

I have read attentively the opinion there emitted, both by the members of the party who are out of power and by those of the British Cabinet; and I have seen with satisfaction that the inaccuracies of the facts, and the legal appreciation of the former have, in a great measure, been corrected with truth and justice by the actual counsellors of the Queen, although in some the Government is not agreed with the appreciations of the British Government.

The questions raised by the armament in England, and attack on our coasts of the English steamer "Talisman," have given rise in that country to certain excitement, caused by the clamours of all the parties interested in that expedition, and by the natural sufferings of those who, with more or less culpability, have been found implicated therein; and these clamours and complaints, launched in the distance, without knowledge of the exact facts, nor of what occurred, nor of the laws of our country, nor of the generous conduct of the Government towards the accomplices in that crime, have been ostensibly judged by some Members of Parliament as favourable for accusing the British Government of want of zeal in defending abroad the interests of British subjects, and of want of energy in having those rights respected by force, and have afforded the opportunity at the same time for judging of Peru and its Government in a way little in accordance with justice, and less with the circumspection which should be observed by so respectable a corporation. Otherwise it would not be possible to explain the agitation produced in some circles of Great Britain, since it is easy to remember the facts which gave rise to the question of the "Talisman."

A British vessel was loaded with arms, and fitted out in England by persons resident in, and in some cases natives of, that country, with an armament sufficient for 2,000 men. That vessel was taken to the southern ports of Chile, where she remained some weeks activating her final arrangements, in combination with Peruvian emigrants. She sailed thence with an official clearance for Vancouver, and touched at a non-habilitated port in Chile to receive, as she actually did, a party of Peruvian emigrants, with whom she sailed to another non-habilitated port in Peru, on our northern coast, where she took prisoner our maritime authority who went out to receive her, and repulsed with musketry the public force which was going to seize her, immediately after which she made for sea. Some days later the same vessel touched at another non-habilitated port of Peru, where she disembarked her party and a portion of her armament, and was captured *in flagrante* by a national ship of war.

The object of those who fitted out that vessel was nevertheless attained, though not in its entirety, and a revolution broke out in the south and north of Peru, the suppression of which has entailed the sacrifice of many lives and considerable expense, and the perturbation of trade and industry.

In the face of such facts, is it possible even to presume that so grave charges could be formulated against the Government of Peru as having failed towards the interests of British subjects compromised in that criminal attempt, prepared in England in connivance with rebellious Peruvians, and perpetrated on the territory of Peru under the protection of the British flag?

True it is that in other countries the captain and crew of the "Talisman" would have been summarily judged, and may be (without time or means of defending themselves) executed to serve as a warning to those who engage in ventures of that kind; but by the laws of Peru the trials are prolonged more than in other places, in order to afford the accused all the means of defence and all the guarantees which they may require.

Is there anything in the proceedings to make it supposed that there has been inattention, fault, or injury to the rights of British subjects or international law? All who have had occasion to study this affair, and very specially the Agents and Diplomatic Representatives of the English Government in Lima know that it is not so. The ship was submitted to the Prize Court, which considered the affair with strict subjection to the laws; but the convulsed state of the country at that time, caused by the expedition of the "Talisman," the necessity of obtaining declarations from different and often distant parts of the Republic, some of which were the theatre of the war, delayed for a time the proceedings of the Prize Court without, however, paralyzing them, as has been inaccurately maintained in the midst of the English Parliament, even to the point of asserting that the declarations of the criminals had not been taken, which was done in its proper time. Subsequently, and of this Her Britannic Majesty's Minister in Lima must be well aware, the British subjects themselves taking advantage of the means of defence afforded by our laws, which do not wish the accused to be deprived of that right,

caused the inevitable delay of the trial: first, appealing from the acts and sentences pronounced; then exacting fresh stages in the second instance; and, finally, taking the case in the degree of nullity to the Supreme Court, by which time a voluminous body of evidence had been formed. Therefore, the accused British subjects are the ones who in a great measure caused the delay by defending themselves to last point in order, if possible, to save the ship; and, judging by what is occurring at the present moment, it is easy to imagine how high would have been raised the voice of the opposition in England had not the Judges of Peru conceded to the accused all the latitude which the laws afforded for defence.

According to those laws, the criminal trial of the authors and accomplices of that crime could not be initiated until after the one of the ship. Ill could persons implicated in the affair of the "Talisman" have been judged as criminals if the Tribunals had declared the ship free.

The trial of the ship finished by a sentence in which the Supreme Court condemned the vessel; ordered in a spirit of equity, not well appreciated, the release of the crew, and limited a criminal action to the captain and mates.

In this trial all the legal requirements have been observed, and though there has been need of receiving some declarations and confirming others outside of Callao, yet it has been conducted with all the activity which the nature of the trial and the laws permitted until sentence in the First Instance was pronounced, against which Captain Haddock appealed, the case being now before the Superior Tribunal, where it would have gone for consultation even if the criminals had not appealed, none of whom can be separated from the trial until it is definitely settled in its last stage.

It is painful that, notwithstanding the legality of the proceedings in this case, it should have given rise to the passionate complaints to which the English Parliament has listened, notwithstanding that the Under-Secretary of State has placed with justice the responsibility of the misfortunes suffered upon the agents who in England prepared the expedition, stating, they are his own words, that " . . . he could not say that the Government of Peru had inflicted an outrage, and certainly none like that committed on the English flag by those who made use of it in the 'Talisman' with such intentions and object, converting it from the ensign of peace and power all over the world into the standard of an abortive war of the most contemptible and disastrous character."

In every way the Government has proceeded throughout this disagreeable affair, and the diplomatic correspondence to which it has given rise, with strict attention to its duties, the first of which in this case was to respect, and cause to be respected, the action of the law exercised by the Tribunals on which those prisoners depended, and continue to depend to this day.

The action of the Judges has been independent, and the Tribunals which have taken cognizance of the trials, and are the only authorities competent to decide the matter. have not found therein anything contrary to the laws.

Your Excellency knows that if the Peruvian Government cannot interfere with the proceedings of the Judges any more than the English can with the Tribunals of England, less can it exercise any pressure upon them at the request or demand of a foreign Government; and it is difficult to explain how in the English Parliament there could have reigned in the discussion of so simple a point of international law such a great confusion of ideas, reaching even to the point of proposing the creation of a Committee or Parliamentary Tribunal to examine in all its details the case of the "Talisman" as dealt with by the Tribunals of Peru.

At the same time the Government has seen with satisfaction the expression of a part of the opinions of the members of the Cabinet of Her Britannic Majesty, in that they would do justice to Peru, notwithstanding that, through considerations of protection for their subjects, and perhaps of concessions to political exigencies, they have intervened diplomatically in an affair which, without such intervention, would have marched in the same way, since without it the British subjects implicated in the trial of the "Talisman" would always have found the protection of the authorities and laws of the Republic. The numerous subjects of Her Britannic Majesty resident in Peru, and the valuable properties they possess or administer, are eloquent testimony not only of support which the Peruvian authorities and laws afford to their persons and property, but also of the benevolence and consideration with which they are received by the Government and the country.

I do not deem it inopportune to touch on the two points to which attention has been directed in the English Parliament,—the use of the "Talisman" before she was declared a good prize, and the employment of the crew after her capture, combined with their liberation on the conclusion of the trial by the Prize Court.

In order to emit a judgment contrary to the proceedings of the Government, it has not been borne in mind that that vessel was not a merchant prize, but a foreign man-of-war, a piratical vessel captured *in flagrante delicto*, and which could have been immediately destroyed or pressed into the State, as was actually done, because so required the exigencies of the war which the expedition of the "Talisman" had caused. Therefore not only is there the precedent of the conduct observed by the United States of North America in the last Civil War, cited by the Under-Secretary of State, but the Peruvian Government acted with perfect right when it employed in its service the ship-of-war which it had captured, in the same way as it would have been in its right in using the cannon taken from the enemy in the field of battle.

As regards the crew, they had to be at once considered as prisoners of war, and they could be employed until the movements of the fleet allowed of their removal to Callao, where they were to be tried by the respective Tribunals, the same which, acting upon the result of the proceedings of the Prize Court, by which it appeared that the crew were in ignorance of the crime which their commanders were perpetrating, ordered their discharge,—a judicial order which the Government enforced, as bound to do by the Constitution of the Republic.

In conclusion I must inform your Excellency that I consider it unnecessary at present to advert to the various incidents of this affair, in which the Government, admitting, as it should, the recommendations of Her Britannic Majesty's Government, and, as it always does, those of all friendly Powers, has endeavoured to duly attend to them, without, however, accepting anything affecting the dignity and decorum of the nation.

God keep your Excellency.

(Signed) A. V. DE LA TORRE.

No. 83.

Mr. King to the Earl of Derby.—(Received June 15.)

My Lord, 18, *Rosalind Street, Stanley Road, Liverpool, June* 13, 1876.

YOUR acknowledgment of the receipt of my letter of the 4th instant is to hand, as also another letter from our son John by same post, of which I have inclosed a copy, and from its contents, I think you will see the necessity of your Lordship taking immediate action without me further troubling your Lordship with this most distressing affair.

I am, &c.

(Signed) JOHN KING.

Inclosure in No. 83.

Mr. King, Jun., to Mrs. King.

My dear Mother, *Hospital de Guadutape, May* 12, 1876.

I RECEIVED your last letter and was glad to hear that you were all well, but I am sorry to hear of your stopping writing, as there does not seem great prospect of my getting out so soon as you say. I am not able to write you a long letter this time, as this is my first day out of bed for twelve days. I have had the fever and ague since the 30th April, and I am weak at present, and my eyes are troubling me as well. I got Mr. Aird to write to the Minister to see if he could give me any intelligence of the case, but I have got no answer yet. I see by the papers here that the Attorney-General's opinion is we ought to get a term of imprisonment, and he asked the Court to give us such. If I was only well enough I would write a letter in reply. I will send you the paper if I can get it. The 5*l.* that Dr. Cameron sent me I received all right, and gave it to Mr. Aird to get me a few things that I am in need of. If it was not for him coming to see me I would be in a fix.

There was a Scotch gentleman called here this morning to see me, I do not know his name, but he says he will call and see you when he arrives in Liverpool; he is only out here on a trip; he says he will call on Mr. Cameron when he gets to Glasgow. This case of ours is this: the lawyers have hold of the chain that is round the Captain's and the two passengers' necks, and they are strong, and they have one round me as well, and they pull me into everything. For when the Criminal Judge gave me the four years' banishment from this country I accept of it, and asked the interpreter

when I would get away, and he said the Captain was going to appeal, and the interpreter said he would look after me; but I told him I was satisfied and would not appeal, but as the Captain and the two passengers have plenty of money, and they give to lawyers some, but as I have none that is the reason why I am roped in; but our Government should look after it and see me get justice, as I can stand up with a clear conscience before anyone and defy them to say that I had anything to do with the affair or knew anything about it, or yet broke any of the rules which I signed. Neither English nor Peruvian laws did I break, nor yet were they broken till after I was a prisoner. I will stop for to-day to see if any news comes from the Minister to-morrow, so that I may give you the latest news.

Dear Mother, *May* 13, 1876.

I feel a little better this morning; yesterday afternoon the overseer of the hospital came, and some naval or military man, and gave me permission to walk in the gardens during the day, the Prefect of Callao gave me the order, so that after breakfast I am going to have a stroll in the garden for the good of my health; the fresh air will do me good. Remember me to all our friends.

I am, &c.

(Signed) JOHN KING.

No. 84.

Señor Galvez to the Earl of Derby.—(Received June 16.)

(Translation.)

My Lord, *Peruvian Legation, June* 13, 1876.

I HAVE had the honour of receiving your Excellency's note, dated the 7th instant, relative to the prisoners Haddock and King, captain and mate of the "Talisman," and I lost no time in sending to my Government a telegram on the matter.

I observe with regret the strong complaint which your Excellency has thought it your duty to make in regard to the conduct of my Government, and as I wish to dissipate all sense of injury that may have been formed in the mind of Her Majesty's Government in this respect, on the belief that the proceedings of my Government can hardly have been friendly in this case, I hasten to give your Excellency such explanation as I can in regard to the observations contained in your aforesaid despatch.

I had in fact, on seeing the manner in which the questions to the Cabinet were brought forward in the Parliament, expressed to my Government how urgent it was that the trial of the officers of the "Talisman" should be brought to a conclusion. It was the very packet that I have received to-day, that was to bring the answer of the Minister La Torre to the despatch from this Legation, dated the 1st of April, and I see by it that the news of the question (in Parliament) has produced a painful feeling in my Government and in the country, on observing how the matter has been treated in the British Parliament; and although the tribunals of Peru, which were so unjustly attacked by some who took part in the said discussion, do not require extraordinary incitement to fulfil their duty, it is certain that all the functionaries concerned in the several stages of the judicial affairs are using their efforts to accelerate, as far as in them lies, the termination of this trial.

The telegram received by your Excellency from the English Minister at Lima means, in my opinion, that the Superior Court (Court of Appeal) has confirmed the sentence of First Instance, which condemned the prisoners to banishment, and that the Attorney-General has presented an appeal for the nullity of that sentence, that is to say, that he did not believe that the law had been observed in passing it. Consequently the case has gone to the Supreme Court, which is the only Tribunal that has to decide whether a sentence is null or not.

Your Excellency fears that this may produce an indefinite protraction of the confinement of the persons under trial; but I can assure you that neither the law in Peru, nor the feeling of all the magistrates who apply it, will give rise to such procrastination, which is as odious to my Government as it is to your Excellency's. The law of Peru on this point directs that on the interposition of the appeal for nullity before the Tribunal which passed the sentence, if it be admitted there,

notifications shall be given to those interested for a term of twenty-four hours, and with their answer the documents shall be remitted to the Supreme Court. This Court, after hearing the Attorney-General, orders that the case be entered, and appoints the day when it is to be considered. After consideration, the appeal for nullity is decided within two days unless some of the members want to make themselves acquainted with the proceedings, in which case another day is granted to each member who requires the documents. The number of members is five. There is no reason then to fear much delay, still less indefinite delay in the Supreme Court. It might be possible that nullity should be declared for the omission of some process, and in that case order would be given to complete it, and the legal responsibility would be cast on those who had made the omission. But excepting in such case, wherein the delay would be punished, no other delay would be possible.

In regard to the procrastination which has previously taken place in this trial, I had the honour of informing your Excellency, on the strength of a telegram from my Government, that after the sentence of First Instance the delay was caused by the appeal of one of the defendants, Haddock, in consequence of which the case had to go to the Superior Court for the decision of the appeal. Your Excellency thought, in conformity with the information communicated by the British Minister at Lima, that the cause of the delay was that every sentence had to be confirmed by the Superior Court. Although it is true that if there had been no appeal the case would have gone to the Superior Court for consideration, it is no less true that in the present case the proceedings went before that Court on the appeal of Haddock, and that the case of appeal and that of ordinary consideration are very different in regard to the time required for their procedure; for, in the first, the Court goes through a regular trial, in which the interested parties are heard, one of whom, in criminal cases conducted *ex officio*, is the Attorney-General, and even evidence is received, provided it be different from that given in first instance. Then the day is appointed on which the case is to be considered, and sentence is pronounced three days after at most, unless the members of the Court ask for the proceedings for their own information, in which case a day is granted to each of them that requires it. But in the case of ordinary consideration, the procedure is merely that the Superior Tribunal sends the proceedings to the Attorney-General, for him to give his opinion thereon within twenty-four hours, and without further procedure the consideration is completed in two days. On account of this great difference between the two courses of procedure, I had the honour of informing your Excellency that the present case was one of appeal interposed by Haddock, and that it could not be decided in so short a time as if it had been one of ordinary consideration.

I will now take up Mr. Spenser St. John's despatch of April 27, in which he stated to the Minister La Torre that, as King did not wish to appeal from the sentence of First Instance, in order not to join Haddock in the course of the appeal, no one had a right to compel him to appeal against his will. Your Excellency observes that this note was returned because it was not in proper form, and your Excellency complains of this act as showing a want of courtesy and friendship, since it was a note sent by the Representative of a friendly Power on a matter which that Power notoriously considers of great importance, and in the return of that note your Excellency discerns a disinclination on the part of the Peruvian Government to receive the just and reasonable representations of Her Majesty's Government.

In the first place, I will state to your Excellency that the Minister La Torre answered the said despatch of Mr. Spenser St. John on the same date, April 21, telling him that, "according to the penal laws of Peru the Superior Tribunal had to confirm, to revoke, or to modify the sentence in regard to all the defendants, without separating any of them from the trial." This observation might have sufficed to make Mr. St. John understand the legal impossibility of complying with his wish. Nevertheless, Mr. St. John, in his despatch of 24th April, repeated his statements, on the ground that Señor la Torre had not well understood the idea, for the question was not only in regard to the proceedings in the Superior Court, but of those which were to take place in the Supreme Court. Señor la Torre did not then reply to this observation because Mr. St. John's said despatch contained those lines struck out, which gave rise to the deplorable incident of which your Excellency is aware, and which was terminated by Mr. St. John sending a duplicate of the despatch of April 24 with the date of May 1. After receiving this, the Minister La Torre replied under date of May 8, repeating what he had said in his despatch of April 21, "that the course of the proceedings could not be altered, and that if the case went to the Supreme Tribunal, the decision thereof, whatever it might be, whether for annulling

or confirming, would apply to the promoter of the appeal as well as to the other defendants;" that is to say, that however my Government might wish to do so, it was impossible for it to comply with the British Minister's request.

But in regard to the feelings of friendship and consideration on the part of my Government towards that of Her Majesty, a very decisive proof of the importance that my Government attributes to all that relates to Her Majesty's is that so soon as it was aware of the manner in which Mr. St. John considered the return of his note, it hastened to give orders to this Legation by telegraph to inform your Excellency of the real meaning of all that had occurred, and of its resolution to admit the substance of the British Minister's note, inasmuch as the return of it had only been a question of form.

Besides these circumstances, which I had the honour of stating to your Excellency, I must assure you, in the most formal manner, that in no case has my Government diverged from the friendship which it professes for Her Majesty's Government or from the ardour with which it has always cultivated, and still intends to cultivate, its relations therewith. It was the first to deplore the possibility of such an occurrence as that with Mr. St. John's aforesaid despatch, which gave rise to that unfortunate incident; so that it believes the views of Her Britannic Majesty's Government to be too elevated to be affected by a simple irregularity of office, which, in my opinion, can only by a fatality have become a cause of discussion between two friendly Governments, and which cannot, in any case, be sufficient ground for compromising their relations.

For these reasons, I doubt not for a moment that my Government will hasten to manifest its constant purpose to maintain friendly relations with your Excellency's Government, as there is neither motive nor feeling for an alteration of them. And I even hope that, when all the circumstances connected with the case of the "Talisman" are finally considered, it will be seen that the Peruvian Government, far from having acted with any want of friendliness towards Her Majesty's Government, has done all that was in its power to fulfil the obligations of friendship, as well as of consideration, which the British Government is entitled to.

With sentiments, &c.
(Signed) P. GALVEZ.

No. 85.

The Secretary to the Admiralty to Lord Tenterden.—(*Received June* 16.)

Sir, *Admiralty, June* 15, 1876.

WITH reference to my letter of the 24th ultimo and to previous correspondence, I am commanded by my Lords Commissioners of the Admiralty to transmit for the information of the Secretary of State for Foreign Affairs, a copy of a further despatch of the 12th ultimo, and of its inclosure, from Rear-Admiral the Honourable A. Cochrane, Commander-in-chief in the Pacific, relative to the trial of Mr. Haddock, the Master, and the mates, of the screw steamer "Talisman," in Peru.

I am, &c.
(Signed) ROBERT HALL.

Inclosure in No. 85.

Rear-Admiral Cochrane to the Secretary to the Admiralty.

"*Repulse*," *at Panama, May* 12, 1876.

FORWARDED for the information of the Lords Commissioners of the Admiralty.

(Signed) A. A. COCHRANE.

Commander Rice to Rear-Admiral Cochrane.

(Extract.) "*Albatross*," *Callao, April* 22, 1876.

ON the 15th instant I was informed that sentence of expulsion from Peru had been pronounced on Mr. Haddock and Mr. King, of the "Talisman."

Mr. Haddock has appealed against this apparent lenient sentence, and, consequently, remains in Peru until the decision of the Higher Court is known.

In consequence of Mr. Haddock's appeal, Mr. King also remains in prison, but the English Minister has informed the Peruvian Government that Mr. King accepts the sentence of banishment, and has requested that his case may be separated from that of Mr. Haddock.

This step of Mr. Haddock is, in my opinion, a most ill-judged one, and removes from him the little sympathy that still existed in his case; he has evidently some purpose in delaying his definite sentence.

3. Affairs remain quiet in this Republic.

Commander Rice to Rear-Admiral Cochrane.

Sir, "*Albatross*," *Callao, April* 27, 1876.

THE British Minister has not as yet been successful in separating the case of Mr. King from that of Mr. Haddock.

I understand that the sentence of expulsion has been sent to a higher Court, which can modify or annul the same, and that then the case may be referred by either party to the Supreme Court, so that it is impossible to give an opinion as to when it is likely to be concluded.

Had Mr. Haddock not appealed, there would have been little further difficulty or delay.

2. Nothing of importance has occurred since the 22nd instant, the date of my last letter.

I have, &c.
(Signed) ERNEST RICE.

No. 86.

Lord Tenterden to Mr. J. King.

Sir, *Foreign Office, June* 17, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 13th instant, and to state to you in reply that Her Majesty's Government are doing all that they properly can to insure justice being done to your son, late mate of the "Talisman."

I am, &c.
(Signed) TENTERDEN.

No. 87.

The Secretary to the Admiralty to Lord Tenterden.

Sir, *Admiralty, June* 19, 1876.

WITH reference to my letter of the 15th instant and to previous correspondence, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, a copy of a further despatch of the 20th ultimo, and of its inclosure, from Rear-Admiral the Honourable A. Cochrane, then Commander-in-chief in the Pacific, in regard to the trial of the master and mates of the steamer "Talisman" in Peru.

I am, &c.
(Signed) ROBERT HALL.

Inclosure in No. 87.

Rear-Admiral Cochrane to the Secretary to the Admiralty.

"*Repulse*," *Bay of Panama, May* 20, 1876.

FORWARDED for the information of the Lords Commissioners of the Admiralty.
(Signed) A. A. COCHRANE.

Commander Rice to Rear-Admiral Cochrane.

(Extract.) "*Albatross*," *Callao, May* 13, 1876.

WITH regard to the "Talisman" case, the Supreme Court in Lima has not as yet published its decision with regard to the sentence passed by the Lower Court, but the Attorney-General has published his opinion on that sentence, and asks that the Superior Court will not confirm it as being too lenient, and will inflict a punishment of imprisonment. The decision of the Superior Court will probably be given next week. Most probably the sentence of the Lower Court will be confirmed, and it is to be hoped Captain Haddock will then withdraw his appeal. Even in that case there will still remain the questions of the length of time the crew and officers of the "Talisman" were imprisoned without trial, their treatment whilst so imprisoned, and the violent death Mr. Sibley met with whilst deprived of liberty in a Peruvian prison.

No. 88.

The Earl of Derby to Señor Galvez.

M. le Ministre, *Foreign Office, June* 20, 1876.

I HAVE the honour to acknowledge the receipt of your letter of the 13th instant, relative to the case of the "Talisman," and I regret to have to state to you in reply that Her Majesty's Government cannot consider satisfactory the explanations contained therein as to the continued detention of King, which appears to Her Majesty's Government to be altogether unjustifiable.

The substance of your explanations, M. le Ministre, is that the proceedings in the case have been in strict accordance with Peruvian Law. This Her Majesty's Government are not in a position to dispute; and in ordinary circumstances it would be a sufficient answer, as it is very far from being their wish to interfere with the administration of the Laws of a foreign country; but they must maintain the right to protect British subjects from manifest injustice in a foreign country, even where such injustice is inflicted in accordance with the technical requirements of the law of that country; and believing as they do, that the case of King is one of gross injustice, they cannot accept as a sufficient answer to their representations that it has been dealt with according to law.

You are aware, M. le Ministre, that the whole of the persons taken on board the "Talisman" were detained from November 1, 1874, to November 25, 1875, while the case of the vessel was under adjudication, so that when at length that protracted trial was ended, and those against whom no sufficient evidence had been adduced were set at liberty, those unfortunate men had suffered the severe punishment of imprisonment for more than a year.

By the judgment then pronounced the master and the two mates of the "Talisman" were committed for trial on a criminal charge, and it might reasonably have been expected that as the case had already been under investigation for nearly a year, a short time would have sufficed to decide the question of their innocence or guilt.

In spite, however, of the earnest and frequent remonstrances of Her Majesty's Representative in Peru, it was not until after the lapse of nearly five months more that the Court of First Instance delivered judgment condemning the prisoners, Haddock and King, to four years' banishment.

In the meantime the third prisoner, Sibley, had been murdered by a fellow prisoner.

Two months more have now passed, yet still Haddock and King are in prison where they have now been for nearly twenty months.

It is true, that as far as Haddock is concerned, he appears to have contributed in some measure to the delay that has taken place by his conduct in appealing against the sentence of banishment passed upon him, but there is no such justification in the case of King, who has not only not appealed, but has willingly accepted the sentence passed upon him, and wishes for nothing better than permission to leave Peru. Yet, instead of the sentence being carried out, King has been kept in prison while the case has been tried over again before a Court of Appeal, and it appears that he is to be further detained until the case shall have been decided by the Supreme Court; all this delay, which practically inflicts upon King an imprisonment of indefinite duration

instead of the banishment to which he was condemned, being justified solely on the ground that Haddock—for whose actions King is in no way responsible—has thought proper to appeal. Such a proceeding, M. le Ministre, may be in accordance with Peruvian Law, but it appears to Her Majesty's Government to be contrary to common sense and common notions of justice.

The continued detention of King appears to Her Majesty's Government to be an arbitrary and unjust act, though carried out under the forms of law, and to be without the slightest justification. It is bringing the relations between Great Britain and Peru into jeopardy; and it is doing Peru great harm not only in England but throughout Europe, costing her heavily financially in credit, and may give rise to claims and difficulties of all descriptions.

Her Majesty's Government fully reciprocate the wish expressed in your letter for the maintenance of friendly relations with Peru, but it is their duty, and one to which the greatest importance is attached by themselves, by Parliament, and by all classes in Great Britain, to see that British subjects are not treated with injustice in foreign countries, even when the treatment complained of is in accordance with the forms of law, and I must therefore beg that you will have the goodness to urge your Government by telegraph to give immediate orders for the release of King.

I do not consider it necessary to continue the discussion as to the return by the Peruvian Minister for Foreign Affairs of Mr. Spenser St. John's note of the 24th of April, but I inclose a copy of the note from M. de la Torre of the same date returning it, and I leave it to you, M. le Ministre, to judge of the propriety of the terms in which M. de la Torre's is couched.

I may, however, add that the French Ambassador at this Court has been good enough to communicate to me, by order of his Government, a despatch from the French Minister at Lima, to whom Mr. St. John showed M. de la Torre's note, and who expresses as much surprise as Mr. St. John himself at the extraordinary conduct of the Peruvian Minister in the matter.

I am, &c.
(Signed) DERBY.

No. 89.

The Secretary to the Admiralty to Mr. Lister.—(*Received June* 26.)

Sir, *Admiralty, June* 24, 1876.

WITH reference to my letter of the 19th instant, and to previous correspondence, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, the following copy of a telegram which has been received from Rear-Admiral Cochrane, at Panama, dated 20th instant:—

"Credible information that master and mate late of 'Talisman,' have been retired (?) and sentenced to banishment for short period."

I am, &c.
(Signed) ROBERT HALL.

No. 90.

Mr. St. John to the Earl of Derby.—(*Received June* 28.)

My Lord, *Lima, May* 27, 1876.

THE Superior Court has not yet pronounced sentence on the "Talisman" prisoners, though, as the defence is closed, it cannot be long delayed. The Court takes the cases in turn, and yesterday confirmed the sentence of fifteen years' penitentiary on Boga, the individual who attempted to murder President Pardo in August, 1874, and sentenced the other prisoners implicated to various terms of imprisonment. These are the persons whom Dr. Cameron declared had been set at liberty last year.

On the 23rd instant the "Talisman" prisoners were called upon for their defence; the lawyer employed was sufficiently injudicious as to force the presiding Judge to call him to order several times, and when it came to the time for the prisoners to speak, Mr. Haddock declined to add to the defence made by his lawyer: King was in hospital and did not appear; but one of the two Peruvian officers who

are being tried with the English prisoners made a defence, the most impertinent and insulting to the Government that it was possible for him to compose. What effect this may have on the Judges remains to be seen, but it has raised general indignation. The object of the appeal to the Superior Court, made by the Peruvian prisoners, was to enable them to make a public defence which would be looked upon by their partizans as a kind of manifesto, neither the lawyer nor the Peruvian officers caring how this might affect the English prisoners. If the Superior Court confirm the sentence of the Callao Court, I am informed that none of the prisoners will appeal, though the Public Prosecutor will have the right to do so.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 91.

The Secretary to the Admiralty to Mr. Lister.—(Received June 29.)

Sir, *Admiralty, June 28, 1876.*

WITH reference to my letter of the 19th instant, and to former correspondence, I am commanded by the Lords Commissioners of the Admiralty to acquaint you, for the information of the Earl of Derby, that the following is an extract from a letter addressed to Rear-Admiral Cochrane by the Commander of the "Albatross" on 27th ultimo, viz.:—

"The Superior Court has not as yet given its decision in the case of the 'Talisman' prisoners, but it is likely to do so in a few days, when, if no appeal is made by either party to the Supreme Court in Lima, the case will be closed; but such a desirable result does not at present appear likely."

I am, &c.
(Signed) ROBERT HALL.

No. 92.

The Earl of Derby to Mr. St. John.

Sir, *Foreign Office, July 3, 1876.*

I TRANSMIT to you, for your information, the accompanying copies of correspondence on the subject of the "Talisman" case.*

I am, &c.
(Signed) DERBY.

No. 93.

Señor Galvez to the Earl of Derby.—(Received July 6.)

(Translation.)

My Lord, *Peruvian Legation, London, July 5, 1876.*

I HAVE had the honour of receiving your Excellency's note dated the 20th of June, in which your Excellency declares the wish of Her Majesty's Cabinet that I should urge my Government to give immediate orders for the release of King.

That declaration will cause a profound sensation in my Government, to which I have communicated it by telegram without loss of time, and whose answer I am expecting every moment.

If the sitting of Parliament of 21st March last, when the question of the defendants in the case of the "Talisman" was brought forward, caused great mortification in Peru, by reason of the violent and undeserved attacks that were made on the Republic and its authorities, it was, at the same time, seen with satisfaction that the representative of the Cabinet and the Attorney-General then did in some measure justice to Peru. But now your Excellency expresses yourself with such severity in regard to my Government, that the effect will be more painful than all the mischief that the use of force might produce.

I have no doubt that when your Excellency thought it necessary to express the

* Nos. 84 and 88.

desires of the English Cabinet in the terms which your Excellency has employed, it was with the pain which a great nation cannot but feel in such a case, more especially when addressing another nation, like Peru, which has always used every exertion to cultivate friendly feelings with Great Britain. But, nevertheless, the situation is no less delicate for my Government, nor is it any the less my duty to examine that situation so far as I can.

The continued imprisonment of King appears so monstrous in your Excellency's eyes, that it could not be borne even though it should be in accordance with the laws of Peru, and your Excellency considers it the duty of Her Majesty's Government to prevent the manifestly unjust treatment of its subjects in a foreign country, even though that treatment may have resulted from proceedings in conformity with legal forms. Above all your Excellency thinks it contrary to common sense that King should have been kept in custody during the second and third instance of the trial, when he had acquiesced in the sentence passed in the first instance, and that he should have been obliged to undergo the consequences of appeals made against that sentence by other persons interested in the trial.

I can understand that your Excellency should consider it an anomalous fact that when a defendant has acquiesced in the sentence passed upon him, he should be compelled to undergo fresh trial before other judges, and be exposed to the risk of having that sentence made more unfavourable or injuriously modified. This appears preposterous in countries like the United Kingdom when the sentences in criminal cases have an irrevocable character, as emanating from juries who give a conscientious opinion, upon which there can be no further question. But, it is not preposterous in countries where such sentences are passed by professional Judges forming Courts of various degrees, which sentences cannot be executed until they reach definitive judgment, and this only occurs when they have been confirmed by the Tribunal highest in grade, or when they have not been appealed against in the inferior Court.

Upon this system, which Peru and many other States, amongst them Spain, have observed for ages, the sentences are passed in all instances by professional judges, who decide in reference to law and to fact, and those only become definite in which there can he no modification according to law. The same system is observed in almost all European countries in regard to civil cases. In short, whenever a sentence is passed by professional judges in inferior instance, the fact of an interested person acquiescing in it is not sufficient to insure its execution in regard to him, nor does it prevent the due course of the trial in the other instances, inclusive of everyone interested.

In the present case, the proceedings against the Captain and Mate of the "Talisman" have been decided in first and second instance, and they are now pending, in last resort, before the Supreme Tribunal, to decide upon the appeal for nullity presented by the Fiscal (legal representative of the Government), for the Fiscals are parties in criminal trials as well as the accused, and they have the same right as the latter to protest or appeal against the sentence. The sentence passed by the Supreme Court is that which has to be executed in conformity with the law. The adoption of the jury in criminal cases might certainly be considered an improvement in order that there should be but one sentence, and that the trials should conclude with that. But at present in Peru, as in all countries where Spanish laws have formed the basis, there is no other procedure than that which has been observed in the case of King.

There has been nothing anomalous, much less hostile in this case, on the part of the Peruvian Courts, and far from their conduct having been exceptionally unfavourable towards the accused in the case of the "Talisman," it has been such that there could not have been more lenity in the sentences hitherto passed against them.

What appears most blameable in your Excellency's eyes is that King should have been kept in prison for twenty months, and although it is notorious that the first twelve months were occupied by the prize trial before another Court, and that the criminal trial could not be commenced before that was completed, your Excellency is still surprised that there should have been so much delay after the elucidations which that trial must have afforded.

Upon this point I will frankly state my opinion that our practice of awaiting the conclusion of the prize trial, before commencing the criminal trial, is productive of great inconvenience, and that perhaps our laws ought to be modified in this respect; but meanwhile nothing else could be done, for such has been and is our law, not created for this case, but, on the contrary, applied against the feelings of the Govern-

ment and of the Courts, which would have desired that the criminal trial should not be held in suspense for a single day.

This has been a deplorable circumstance, but I hope to prove, when the details of the trial are in my possession, that if there was a suspension for twelve months, it was because those who are now defendants in the criminal trial, and who complain so bitterly of its length, employed every means which the law allowed to defend the vessel, and because the traverses in the expedition of the "Talisman" to various ports of South America, and finally its attack upon two ports of Peru to the north and south, required a long time to obtain the necessary information.

We are not the less sorry that such delay should have occurred; but we must estimate the circumstances at their proper value if we would not form undue opinions of the situation, painful as it is, which they have created.

The time occupied in the criminal trial, as to which I hope likewise to furnish your Excellency with details, is not extraordinary, considering the complicated nature of this affair, in which, it must be borne in mind, that not only Haddock and King were included, but other persons of diverse nationality, who, like them, availed themselves of their right of defence.

The trial has passed through two instances, and only the decision of the third is wanting; this we are expecting from day to day.

Under the impression that the continued imprisonment of King is monstrous, your Excellency has declared that it is your duty not to tolerate it, even though it should be in conformity with the laws of Peru. I will not enter upon the discussion of this doctrine, for such discussion would lead to the examination of the question what is the manifest injustice, and what are the bounds that separate it from such as have not that character, that is, when can a Government say that it does not recognize as just the application of the laws of another country to its subjects, thus abandoning the principle, generally acknowledged, that foreigners are subject to the same laws as the natives, and that they have no right to the protection of their Governments so long as those laws have been fulfilled.

Reserving to my Government the examination of this question, I shall do no more than to state to your Excellency, with all the respect due to the British Cabinet, that I consider the foundation upon which the aforesaid declaration of your Excellency is based to be very dangerous for application to the international relations of Peru with other States, for, inasmuch as Peru does not consider that she possesses laws, customs, and the other elements of civilization in the advanced degree that she desires, such a principle in her international relations would cause that which is presented as an exception to be converted into a general rule, and the pretension now made by an enlightened country, certainly without intention to injure us, would soon be brought forward by some other which might abuse force, and thus our international right would be exposed to impassionate interpretations which the circumstances of the moment might originate.

I am very far from thinking that Her Majesty's Cabinet, in manifesting to me its wish with regard to King, had the intention to humiliate us, still less to strike at our international right by creating a grievous precedent, which might be abused under other circumstances, and by another Government; I believe, on the contrary, that the spirit of the British Cabinet is well manifested in the following words of the Attorney-General at the sitting of Parliament, on the 21st of March:—

"Turning to the next and the substantial ground of complaint, the delay which had arisen in the trial of those men, we must ask, in the first place, whether that delay was one for which the Executive Government or the legal Tribunals of Peru were responsible; because, if it were the latter, we should, according to international law, have no right to interfere. . . . . But the Attorney-General for Peru said this was the law of Peru, and the law of France also, and the Minister for Peru said this was the reason why the trial did not proceed. If the Tribunals were right in delaying the trial of the men till the decision as to the condemnation of the vessel itself, we had no ground of complaint. . . . . The tribunals might have been wrong in coming to this conclusion; but even if this were so, the Executive Government were not responsible for the errors of the Tribunal."

And those same principles so energetically maintained by England in the Geneva Arbitration, give us assurance that your Excellency's language on the present question does not imply the establishment of new and prejudicial rules, to be applied in our international relations. I am persuaded, therefore, that it was only the desire to see one of your fellow-citizens freed from confinement, that induced your Excellency to employ the terms which you have used in addressing the Peruvian Government for

that purpose. But the Government of Peru, notwithstanding its wish to please Her Majesty's has not the power to interfere in judicial matters (which is likewise the case with the English Government), and its action in conformity with the law, is limited to the execution of the resolutions passed by the Tribunals. My Government will answer your Excellency's declaration, meanwhile; I restrict myself to the endeavour to prevent a misconception in the mind of the British Cabinet in attributing to want of will, what would only be want of authority, to act in the manner that your Excellency desires. It is also the duty of my Government to proceed as may be most fitting, in the present situation, and if the Supreme Court, as we expect, should leave the sentence in First Instance standing, it will be immediately carried out by the Government with all the more satisfaction, inasmuch as it will thus fulfil its constitutional obligations and those of friendship towards your Excellency's Government.

I will not conclude without expressing to your Excellency again my regret at the circumstances which caused the return of Mr. St. John's despatch with that of which your Excellency has been pleased to send me a copy. But it is my duty to protest once more, that in acting so my Government never thought of evincing the least disrespect towards the British Representative, and I am certain that it is disposed to leave Her Majesty's Government in no doubt as to that feeling.

I have, &c.
(Signed) P. GALVEZ.

No. 94.

The Earl of Derby to Señor Galvez.

M. le Ministre, *Foreign Office, July* 12, 1876.

I HAVE received the letter which you did me the honour to address to me on the 5th instant, relative to the case of the "Talisman" prisoners.

As you state therein that you expect an answer forthwith from your Government upon the subject, I do not think it necessary to do more than acknowledge the receipt of your communication, but I feel it my duty to impress upon you, M. le Ministre, that the matter cannot be allowed to remain long in suspense.

I have, &c.
(Signed) DERBY.

No. 95.

Mr. St. John to the Earl of Derby.—(Received July 17.)

My Lord, *Lima, June* 3, 1876.

AS I announced to your Lordship by telegram, the Superior Court confirmed in substance the sentence pronounced by the Callao Court on the "Talisman" prisoners. Three Judges voted for, and two against, the sentence; the latter insisting on a heavier punishment being awarded than simple banishment. The Public Prosecutor, who had demanded that a severe sentence should be passed, as the prisoners had been guilty of piracy, immediately appealed to the Supreme Court. The Supreme Court has many cases to settle before that of the "Talisman" prisoners can come before it; but, as neither side can have any fresh arguments to advance, it is probable that its sentence may be pronounced before the end of this month. It is to be hoped that this will be final.

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 96.

Mr. St. John to the Earl of Derby.—(Received July 17.)

My Lord, *Lima, June 13, 1876.*

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of April 22, 1876, instructing me to watch carefully the proceedings against the man Viteri, by whom Mr. Sibley was stabbed.

I have instructed Mr. March to keep me informed on the subject, and the following extracts from his letters contain the latest particulars on the subject:—

Extract from despatch of May 20:—"The case of the man Viteri is still pending . . . . The sentence on Viteri is delayed by the proceedings which are being followed against his alleged accomplice Rodriguez, who is likewise on his trial for several minor offences in which are implicated other prisoners."

Extract of despatch of June 12:—"I have had several interviews with the Judge on the subject of the trial of Viteri, and he informs me that in consequence of the number of witnesses called by the defendant, the proceedings will probably extend over the whole of this month. He said he was most anxious to conclude the case, but that he was bound to afford the prisoner all the opportunities of defence which the law secured to him."

I have, &c.
(Signed) SPENSER ST. JOHN.

No. 97.

Mr. King to the Earl of Derby.—(Received July 19.)

18, *Rosalind Street, Stanley Road, Liverpool,*
My Lord, *July 18, 1876.*

WE are in receipt of a letter dated 12th June from our son John, who is still in hospital at Callao, and has for the last five months been there, and from the tenor of his letter he has no knowledge when he may obtain his liberty; and in said letter he informs us that Mr. March pretends that he knows nothing of the case, and yet he (Mr. March) is satisfied that John is truly innocent. Such being the case, is it in your Lordship's power to inform us when or how he may obtain his liberty, so as we may let him know, as it appears no one else can give him such information?

And your Lordship will much oblige your, &c.,
(Signed) JOHN KING.

No. 98.

Lord Tenterden to Mr. King.

Sir, *Foreign Office, July 24, 1876.*

I AM directed by the Earl of Derby to state to you, in reply to your letter of the 18th instant, that Her Majesty's Government are doing all they can to obtain the release of your son John King, late mate of the "Talisman."

I am, &c.
(Signed) TENTERDEN.

No. 99.

Señor Galvez to the Earl of Derby.—(Received July 28.)

(Translation.)
My Lord, *Peruvian Legation, London, July 26, 1876.*

I HAVE the honour of informing your Excellency that I have received a telegram from my Government, dated the 15th instant, which tells me that the case of the "Talisman" is still pending before the Supreme Court of Justice at Lima,

and that the delay is caused by the accused. Once more it appears, in this trial, that the means of defence adopted by the defendants themselves are the cause of the delay.

Although this information may not fully satisfy the British Government, which requires the immediate release of King, even by setting aside the legal forms of Peru, still it shows that the Government and all the Peruvian functionaries concerned in this affair are animated by the most lively interest to see it terminated as soon as possible; and if this has not taken place as yet, it has been for want of authority, not for want of will.

On the other hand, my Government has been unable to believe that the questions respecting the "Talisman," wherein justice is so much on the side of Peru, could afford occasion for compromising its good relations with Her Britannic Majesty's Government. The discussion being on a question of equity concerning the long duration of the trial, certainly painful for all, my Government has trusted that when, at last, the circumstances that have occurred were explained, the rectitude of its proceedings would be manifest, and the relations between the two countries would not suffer. But at present the tenour of your Excellency's communications will have given my Government a perfect idea of the situation, as it is looked upon here, and I have no doubt that all the measures which that situation requires will be taken by my Government, and that it will do all that the nations most friendly to Great Britain could do in similar cases, provided that its dignity be unharmed. Sure I am that my Government has plenty of such intentions, and the circumstance that on the 2nd of August next the Government of General Prado is to be inaugurated, and that he, having just been in England, has had an opportunity of ascertaining for himself how the question is looked upon here, is a fresh reason for hoping that the solution will be satisfactory, so far as it can depend upon the measures of the Peruvian Government.

I avail, &c.
(Signed) P. GALVEZ.

No. 100.

Señor Galvez to Lord Tenterden.—(Received August 1.)

Peruvian Legation, London, July 31, 1876.

M. GALVEZ presents his compliments to Lord Tenterden, and has the honour to inform his Lordship that on the 26th instant he telegraphed to the Peruvian Government, in the spirit of the conversation he that day had with Lord Tenterden, urging for a reply by telegraph. That reply might have been received to-day; but, much to M. Galvez's regret, and doubtless owing to an interruption in the cable between Bahia and Rio Janeiro, both the outward message and the reply are likely to be delayed some few days.

No. 101.

The Earl of Derby to Señor Galvez.

M. le Ministre, *Foreign Office, August 3, 1876.*

I HAVE the honour to acknowledge the receipt of your letters of the 26th and 31st ultimo, relative to the case of the "Talisman," and it is with very great regret that I learn therefrom that the proceedings before the Supreme Court of Justice at Lima have not yet been brought to a close.

In your letter of the 26th ultimo you allude to the inauguration of the Government of the new President of Peru, his Excellency General Prado, which was to take place on the 2nd instant, as being likely to lead to a satisfactory solution. I trust, M. le Ministre, that this anticipation may be justified by the event; but I feel it my duty again to impress upon you that Her Majesty's Government cannot allow this matter to continue unsettled, and that they cannot accept the dilatoriness of Peruvian legal proceedings as a sufficient justification for the indefinite imprisonment of a British subject.

Should Her Majesty's Government eventually decide to prefer a claim to compen-

sation on behalf of King, the continued delay which has taken place will afford strong grounds on which such a claim might be founded; and the Peruvian Government must be prepared for the assertion of a claim on behalf of King, as well as on behalf of the relatives of Sibley.

In mentioning these claims, which Her Majesty's Government may find it their duty to lay before the Government of Peru, I must beg you to understand, M. le Ministre, that by so doing I do not in any way relinquish the right of Her Majesty's Government to put forward other claims arising out of the case of the "Talisman," should they think fit to do so hereafter.

I have, &c.
(Signed) DERBY.

PERU. No. 2 (1876).

FURTHER CORRESPONDENCE respecting the Imprisonment of British Subjects in Peru.

(In continuation of "Peru No. 1 : 1876.")

Presented to the House of Commons by Command of Her Majesty, in pursuance of their Address dated 19th July, 1875.

LONDON:
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COMMERCIAL. No. 10 (1876).

CORRESPONDENCE

RESPECTING

COMMERCIAL NEGOTIATIONS

WITH

PORTUGAL.

(In continuation of Correspondence presented to Parliament in 1872 : C. 634.)

Presented to both Houses of Parliament by Command of Her Majesty.
1876.

LONDON:
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No. 1.

The Duke of Saldanha to Earl Granville.—(*Received September* 26.)

(Translation.)

THE Undersigned, Envoy Extraordinary and Minister Plenipotentiary of His Most Faithful Majesty, has the honour of stating to Lord Granville as follows :—

On various occasions the Government of His Majesty has made the most urgent representations to Her Britannic Majesty's Government, in order to obtain a modification of the present system for the importation of wines, so that it might be deprived of its differential character against the wines of Portugal, and that equality might be established in the legal conditions for importation and for competition in the English markets.

In a note dated 18th April, 1870, Lord Clarendon said to Count de Seisal that Her Majesty's Government sincerely wished to satisfy the desires expressed by the Portuguese Government, in so far as it could be done consistently with the fiscal and financial regulations in force in the country. "He was sorry, however, to have to state that, under present circumstances, Her Britannic Majesty's Government could not effect the modification of the system for the importation of wines."

With deference to the reasons alleged by Lord Clarendon in 1870, and subsequently confirmed to the Undersigned by Lord Granville, His Majesty's Government waited anxiously for a change of circumstances which should enable the Government of Her Britannic Majesty to effect a reform, which might naturally be suggested to it by the principles of justice and equality which it has always professed in regard to international commerce, and which is an essential condition for the improvement of the commercial relations between the two countries.

It appears to His Majesty's Government that the opportunity for which it has been waiting with so much anxiety has arrived; that anxiety is in proportion to its vehement desire for the removal of the principal, if not the only, obstacle to the improvement of those relations.

The French Government has formally denounced the Treaty of Commerce concluded with Great Britain on the 23rd of January, 1860.

The French Government can enter into fresh negotiations with Her Britannic Majesty's Government, but from the fact of the denunciation, the said Treaty of 1860 will necessarily lose its validity in March, 1873. Her Britannic Majesty's Government will therefore recover its full fiscal freedom, and can regulate anew the duty on wines, so as to reconcile the interests of the Treasury with the principles of equality and equity which should preside over international relations.

The differential character which the present duty on wines bears, in fact, is equivalent to a system in favour of France, with most grievous injury to Portugal and other countries. Systems of favour granted to one nation to the injury of the others are so manifestly contrary to sound economical principles, that the illustrious men who have in England distinguished themselves by propagating those principles, and especially those of the Manchester School, have considered that Treaties of Commerce were to be condemned, solely because such systems were therein stipulated in other times, though otherwise proscribed from modern conventional law.

Calling, therefore, the attention of Lord Granville to this matter, in conformity

with the instructions which he has received from his Government, the Undersigned has the pleasure of believing that his Excellency will take it into due consideration and will so proceed that Her Britannic Majesty's Government may give it a satisfactory solution.

The Undersigned, &c. (Signed) SALDANHA.

London, September 24, 1872.

No. 2.

Earl Granville to the Duke of Saldanha.

M. le Ministre, *Foreign Office, October* 5, 1872.

I HAVE the honour to acknowledge the receipt of your note of the 24th ultimo respecting the commercial relations between this country and Portugal, and the duties levied in the United Kingdom on Portuguese wines; and I beg to assure you that your note shall receive the attentive consideration of Her Majesty's Government.

I am, &c.

(Signed) GRANVILLE.

No. 3.

The Duke of Saldanha to Earl Granville.—(Received December 13.)

My Lord, *Portuguese Legation, December* 12, 1872.

I HAVE the honour to inform your Excellency that His Majesty the King my august Sovereign has been pleased to grant full powers to me and to the Director of the Commercial and Consular Department of the Foreign Office in Lisbon, M. Duarte Gustavo Nogueira Soares, for the negotiation of a new Treaty of Commerce and Navigation between Portugal and Great Britain, on the basis of the most favoured nation.

The repeated proofs which His Majesty's Government has given of their sincere desire of improving the commercial relations between the two countries, and of consolidating more closely their respective economical interests and ancient friendship are so numerous, that I think it is useless to dwell on this point.

As your Excellency knows, in the Treaty of the 3rd of July, 1842, the treatment of the most favoured nation has been stated conditionally, or depending upon further compensations.

The reciprocal guarantee of the said treatment, prompt and unconditional, real and effective, it seems to me of incontestable advantage to both countries. On this basis Treaties of Commerce do not restrain the fiscal liberty of the Contracting Parties, which otherwise may be reserved; and such treaties are not thereby subject to the objections made under the views of the theoretical principles of Free Trade.

Her Britannic Majesty's Government has concluded Commercial Treaties at various times, and also recently, with France, on the same or other bases. I hope, therefore, that Her Britannic Majesty's Government will be pleased to receive favourably the proposal which, in conformity with the instructions from my Government, I have the honour to make, and co-operate on their part to improve the state of the commercial relations between the two countries, which is now far from being satisfactory. This proposal, if accepted in principle by Her Majesty's Government, as I hope, a project of Treaty will be forthwith presented to your Excellency, as a basis of negotiation.

I have, &c.

(Signed) SALDANHA.

No. 4.

Earl Granville to the Duke of Saldanha.

M. le Ministre, *Foreign Office, December* 23, 1872.

I HAVE the honour to acknowledge the receipt of your letter of the 12th instant, informing me that His Majesty the King of Portugal has been pleased to grant full

powers to you and to the Director of the Commercial and Consular Department of the Foreign Office in Lisbon, for the negotiatiation of a new Treaty of Commerce and Navigation between Great Britain and Portugal, on the basis of the most favoured nation, adding that, on this basis, Treaties of Commerce do not restrain the fiscal liberty of the Contracting Parties, which otherwise may be reserved, and that you are prepared to present a project of such a Treaty forthwith; and I have to state to your Grace, in reply, that Her Majesty's Government will give a project of a Treaty, framed on the basis you mention, their best attention.

I am, &c.
(Signed) GRANVILLE.

No. 5.

Earl Granville to Sir C. Murray.

Sir, *Foreign Office, December* 23, 1872.

I TRANSMIT to you herewith a copy of a letter which I have received from the Duc de Saldanha,* offering to submit for the consideration of Her Majesty's Government a project of a Treaty of Commerce between Great Britain and Portugal on the basis of the most-favoured-nation treatment, together with a copy of the reply which I have returned thereto ;† and I have to instruct you to furnish me, as soon as possible, with a report on any matters relating to commerce or navigation, which it would be advantageous to consider in connection with this proposal, and to call for a similar report from Her Majesty's Consuls in Portugal.

You will observe that it is not intended to enter into any agreement as to tariffs, and you should inform Her Majesty's Consuls that it will not therefore be necessary for them to include questions of tariff in their reports.

I am, &c.
(Signed) GRANVILLE.

No. 6.

The Duke of Saldanha to Earl Granville.—(Received January 3.)

My Lord, *Légation de Portugal, le* 2 *Janvier*, 1873.

J'AI reçu la note que votre Excellence m'a fait l'honneur de m'adresser en date du 23 Décembre dernier, pour me communiquer que le Gouvernement de Sa Majesté Britannique prendrait dans la plus sérieuse considération un projet de Traité de Commerce et Navigation entre le Portugal et la Grande Bretagne sur la base du traitement de la nation la plus favorisée.

Je remercie votre Excellence du favorable accueil qu'elle a bien voulu accorder à l'ouverture de cette négociation, et je m'empresse de remettre ci-joint à votre Excellence le projet de Traité et un Mémorandum expliquant les vues du Gouvernement de Sa Majesté à ce sujet.

M. Nogueira Soares aura l'honneur de donner à votre Excellence ou à la personne qu'elle nommera à cet effet quelques autres explications que votre Excellence puisse trouver nécessaires sur les stipulations du projet.

Je profite, &c.
(Signé) SALDANHA.

Inclosure 1 in No. 6.

Draft of Treaty of Commerce between Great Britain and Portugal.

SA Majesté le Roi de Portugal et des Algarves, et Sa Majesté la Reine du Royaume Uni de la Grande Bretagne et Irlande, également animés du désir de resserrer les liens d'amitié qui unissent les deux nations, et d'améliorer et étendre de plus en plus les relations commerciales et maritimes entre les Etats respectifs, ont résolu de conclure pour cet objet un Traité spécial qui substituera celui de 1842, et ont à cet effet nommé pour leurs Plénipotentiaires, savoir :

* No. 3. † No. 4.

Sa Majesté le Roi de Portugal, le

Sa Majesté la Reine du Royaume Uni de la Grande Bretagne et Irlande, le

Lesquels, après s'être communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus des Articles suivants :—

ARTICLE I.

Les sujets de chacune des Hautes Parties Contractantes, résidant temporairement ou d'une manière permanente dans les domaines de l'autre, jouiront de la même protection que les nationaux pour leurs personnes, leurs familles, leurs biens, et leurs domiciles.

Ils pourront exercer librement leur religion, se réunir pour célébrer publiquement les cultes ou les rites respectifs, ériger à cet effet des chapelles, établir des cimetières, et enterrer les morts avec les cérémonies correspondantes en se conformant en tous les cas aux lois et règlements en vigueur dans chaque pays.

Ils pourront disposer librement par vente, échange, donation, ou testament des biens meubles ou immeubles, ou de quelqu'autres propriétés légalement acquises.

Ils seront traités sur le pied de la plus parfaite égalité avec les nationaux en ce qui concerne l'exercice du commerce et de l'industrie, et par conséquent ils jouiront des mêmes priviléges et faveurs, et ne seront soumis à des taxes ou impôts, de quelque nature ou dénomination que ce soit, autres ou plus élevés.

Ils seront exempts d'emprunts forcés, et de toutes contributions extraordinaires qui ne soient pas générales et établies par loi, ainsi que de tout service militaire, soit par mer, soit par terre.

ARTICLE II.

Les Hautes Parties Contractantes se garantissent réciproquement le traitement de la nation la plus favorisée dans la signification la plus large et libérale de ce mot, c'est à dire que :

Les sujets et le commerce de la Grande Bretagne jouiront dans tous les domaines et possessions de Sa Majesté Très Fidèle des mêmes avantages qui ont été accordés aux sujets et au commerce Français, Autrichien, et Allemand par les Traités que le Portugal a conclus avec la France le 11 Juillet, 1866, avec l'Autriche le 13 Janvier, 1872, et avec l'Allemagne le 2 Mars, 1872.

Toutes les faveurs, tous les priviléges ou abaissements des droits à l'importation ou à l'exportation, toutes les concessions de quelque nature qu'elles soient que le Portugal ait faites ou puisse faire dans l'avenir à une tierce Puissance en matière de commerce, seront immédiatement et sans conditions, ou indépendamment de nouvelles compensations, appliquées à la Grande Bretagne, en sorte que les produits Britanniques ne soient jamais soumis à des droits autres ou plus élevés que les produits similaires de la nation la plus favorisée, ou la base de ces droits soit le poids spécifique, la mesure, ou la valeur.

Et réciproquement les sujets et le commerce Portugais jouiront dans tous les domaines et possessions de Sa Majesté Britannique des mêmes avantages qui ont été accordés au sujets et au commerce Autrichiens, Allemands, et Français, par les Traités que la Grande Bretagne a conclus avec les Etats du Zollverein, le 30 Mai, 1865, avec l'Autriche le 16 Décembre, 1865, et avec la France le 5 Novembre, 1872.

Toutes les faveurs, tous les priviléges ou abaissements de droits à l'importation ou à l'exportation, toutes les concessions de quelque nature qu'elles soient que la Grande Bretagne ait faites ou puisse faire dans l'avenir à une tierce Puissance en matière de commerce, seront immédiatement et sans conditions, ou indépendamment de nouvelles compensations, appliquées au Portugal, en sorte que les produits Portugais ne soient jamais soumis à des droits autres ou plus élevés que les produits de la nation la plus favorisée, ou la base de ces droits soit le poids spécifique, la mesure, ou la valeur.

Les Hautes Parties Contractantes s'engagent en outre à n'établir l'une envers l'autre aucun droit ou prohibition d'importation ou d'exportation, ou de transit, qui ne soit en même temps applicable aux autres nations sauf les prohibitions ou restrictions temporaire que les Gouvernements respectifs jugeraient nécessaire d'établir pour empêcher la contrebande de guerre, ou comme des mesures sanitaires.

Toutefois il est fait réserve, au profit du Portugal, du droit de concéder au Brésil seulement des avantages particuliers qui ne pourront pas être réclamés par la Grande Bretagne comme une conséquence de son droit au traitement de la nation la plus favorisée.

ARTICLE III.

Les Hautes Parties Contractantes se réservent leur pleine liberté fiscale pour élever les Tarifs des droits à l'importation ou à l'exportation quand elles le jugeront convenable aux intérêts des pays respectifs, en se conformant bien entendu aux stipulations de l'Article précédent. Mais étant convaincues que la facilité et l'extension de l'échange international sont des plus puissants moyens non seulement de développer la prospérité des nations, mais d'affermir la concorde entre elles, et voulant consolider de cette manière les liens de l'ancienne amitié qui heureusement subsistent entre les deux pays, les Hautes Parties Contractantes s'engagent:—

Sa Majesté Très Fidèle à faire présenter aux Cortes aussitôt que possible un projet de réforme de Tarif réduisant les droits d'importation, autant que son Gouvernement le jugera compatible avec les intérêts du pays;

Sa Majesté Britannique à faire reviser et altérer aussitôt que possible l'actuel régime de l'importation des vins, en sorte que les vins Portugais ne soient dans aucun cas soumis à un taux de droit quel qu'il soit plus élevé que les vins des autres pays vinicoles, excepté les cas dans lesquels le Gouvernement de Sa Majesté Britannique jugerait convenable d'établir un droit *ad valorem*, parce qu'alors l'uniformité ou égalité du droit seulement pourra être réclamée pour les vins Portugais qui, sur la même base, poids, ou mesure, aient la même valeur que les produits similaires des autres pays.

ARTICLE IV.

Les marchandises de toute nature, venant de l'un des Etats, ou y allant, seront réciproquement exemptes dans l'autre Etat de tout droit de transit. Toutefois la législation spéciale de chacun des deux pays est maintenue pour des articles dont le transit est ou pourra être interdit, et les deux Hautes Parties Contractantes se réservent le droit de soumettre à des autorisations spéciales le transit des armes et des munitions de guerre.

ARTICLE V.

Les objects passibles d'un droit d'entrée qui servent d'échantillon, et qui sont importés en Portugal par des commis-voyageurs appartenant à la Grande Bretagne, ou dans la Grande Bretagne par des commis-voyageurs Portugais, jouiront, de part et d'autre, moyennant les formalités de douane nécessaires pour en assurer la ré-exportation ou la réintégration en entrepôt, une restitution des droits qui devront être déposes à l'entrée. Ces formalités seront réglées d'un commun accord. (On pourra adopter les formalités établies déjà dans l'Article XVII du Traité du 5 Novembre, 1872, entre la Grande Bretagne et la France.)

ARTICLE VI.

Pour établir que les produits sont d'origine ou de manufacture d'un des deux pays, l'importateur devra, s'il le juge convenable pour jouir d'un bénéfice quelconque, présenter à la douane de l'autre pays, soit une déclaration officielle faite devant un magistrat siégeant au lieu de l'expédition, soit un certificat délivré par le chef du service de la douane du lieu de l'exportation, soit un certificat délivré par les Consuls ou Agents Consulaires du pays dans lequel l'exportation doit être faite, et qui résident dans les lieux de l'expédition ou dans les ports d'embarquement. Pour que les certificats délivrés par les autorités d'un des deux pays puissent faire foi ou être considérés authentiques devant les autorités de l'autre, ils doivent être visés par le respectif Agent Consulaire s'il y en a dans le lieu de l'expédition ou dans le port de l'embarquement, ou satisfaire à d'autres formalités, exigées en tel cas par la législation de chaque pays.

ARTICLE VII.

Les sujets de chacune des Hautes Parties Contractantes jouiront dans les domaines de l'autre de la même protection et seront soumis aux mêmes conditions que les nationaux en ce qui concerne les droits de propriété, de marques de commerce ou autres marques distinctives, indiquant l'origine et la qualité de marchandises, ainsi que des modèles et dessins industriels, et pour soi ou pour ses représentants pourront intenter

toutes les actions et employer tous les moyens légaux pour faire respecter cette propriété.

ARTICLE VIII.

Les navires Anglais et leurs cargaisons seront traités en Portugal et dans les îles dites adjacentes (Madère, Porto Santo, et l'Archipel des Açores), et les navires Portugais et leurs cargaisons seront traités dans le Royaume Uni de la Grande Bretagne et Irlande sur le pied de la plus parfaite égalité avec les navires nationaux, quel que soit le point de départ de navires et leur destination, et quelle que soit l'origine de leurs cargaisons et leur destination. Ils ne seront soumis à des droits ou charges de quelque nature ou dénomination que ce soit, portant sur la coque de navire ou sur la cargaison, perçus au profit de l'Etat ou affectés aux besoins d'un service spécial, autres ou plus élevés, et ils jouiront des mêmes primes, restitutions de droits ou faveurs que les navires nationaux, soit à l'importation, soit à l'exportation ou ré-exportation.

En ce qui concerne le placement des navires, leur chargement ou déchargement dans les ports, havres, rades ou bassins, les formalités et charges pour le magasinage ou l'entrepôt, et toutes autres dispositions fiscales ou de police quelconques auxquelles puissent être soumis les navires de commerce et leurs équipages ou leurs cargaisons, il ne sera accordé aux navires nationaux ou à leurs cargaisons dans les Etats respectifs aucun privilége, faveur, ou avantage qui ne le soit également aux navires et aux cargaisons de l'autre pays, la volonté des Hautes Parties Contractantes étant que les bâtiments Portugais et les bâtiments Anglais soient complètement assimilés sous tous ces rapports.

ARTICLE IX.

Toutefois ils est fait exception aux stipulations du précédent Article, en ce qui concerne :—

1. Les avantages particuliers dont les produits de la pêche nationale sont ou puissent être l'objet dans l'un ou dans l'autre pays.
2. La navigation dite de côte ou de cabotage.
3. Les relations commerciales entre chacun des deux pays et ses colonies respectives.

Sous ces rapports les Hautes Parties Contractantes se garantissent réciproquement les concessions qu'elles aient faites ou puissent faire dans l'avenir à une tierce Puissance.

ARTICLE X.

La nationalité des navires sera admise de part et d'autre d'après les lois et règlements particuliers à chaque pays au moyen des documents délivrés aux capitaines par les autorités compétentes.

ARTICLE XI.

Chacune des Hautes Parties Contractantes accorde à l'autre la faculté d'avoir dans ses ports et places de commerce des Consuls-Généraux, Consuls, Vice-Consuls ou Agents de Commerce; tout en se réservant le droit d'excepter de cette concession tel endroit qu'elle jugera à propos.

Les dits Agents Consulaires, de quelque classe qu'ils soient, et dûment nommés par leurs Gouvernements respectifs, dès qu'ils auront obtenu l'exéquatur du Gouvernement sur le territoire duquel ils doivent résider, y jouiront, tant pour leurs personnes que pour l'exercice de leurs fonctions, des priviléges dont y jouissent les Agents Consulaires de la même catégorie de la nation la plus favorisée.

ARTICLE XII.

Les dits Consuls-Généraux, Consuls, Vice-Consuls, ou Agents de Commerce seront autorisés à requérir l'assistance des autorités locales pour l'arrestation, la détention et l'emprisonnement de déserteurs des navires de guerre et des navires marchands de leur pays, et ils s'adresseront pour cet objet aux tribunaux, juges et officiers compétents, et réclameront par écrit ces déserteurs en prouvant, par la communication des registres des navires ou des rôles d'équipage, ou par d'autres documents officiels, que de tels individus ont fait partie des dits équipages, et cette réclamation ainsi justifiée l'extradition sera accordée.

De tels déserteurs, lorsqu'ils auront été arrêtés, seront mis à la disposition des dits Consuls-Généraux, Consuls, Vice-Consuls, ou Agents de Commerce, et pourront être enfermés dans les prisons publiques à la réquisition et aux frais de ceux qui les réclament,

pour être envoyés aux navires auxquels ils appartenaient, ou à d'autres de la même nation.

Mais s'ils ne sont pas renvoyés dans l'espace de deux mois à compter du jour de leur arrestation, ils seront mis en liberté, et ne seront plus arrêtés pour la même cause.

Il est entendu toutefois que si le déserteur se trouvait avoir commis quelque crime ou délit, son extradition pourra être retardée jusqu'à ce que le tribunal saisi de l'affaire ait rendu sa sentence, et que celle-ci ait reçue son exécution.

ARTICLE XIII.

En cas d'échouement ou de naufrage d'un navire de l'une des Hautes Parties Contractantes sur les côtes de l'autre, ce navire y jouira, tant pour le bâtiment que pour la cargaison, des faveurs et immunités que la législation de chacun des Etats respectifs accorde à ses propres navires en pareille circonstance. Il sera prêté toute aide et assistance au capitaine et à l'équipage, tant pour leurs personnes que pour le navire et sa cargaison. Les opérations relative au sauvetage auront lieu conformément aux lois du pays.

Toutefois les Consuls ou Agents Consulaires respectifs seront admis à surveiller les opérations relatives à la réparation ou ravitaillement, ou à la vente, s'il y a lieu, des navires échoués ou naufragés à la côte.

Tout ce qui aura été sauvé du navire et de la cargaison, ou le produit de ces objets, s'ils ont été vendus, sera restitué aux propriétaires ou à leurs ayants cause, et il ne sera payé de frais de sauvetage plus forts que ceux auxquels les nationaux seraient assujettis en pareils cas.

Il est de plus convenu que les marchandises sauvées ne seront tenues à aucun droit de douane, à moins qu'elles ne soient admises à la consommation intérieure.

ARTICLE XIV.

Les Hautes Parties Contractantes, animées encore et de plus en plus des sentiments qui ont inspiré les vœux manifestés par le Congrès de Paris en 1856, et voulant donner un nouveau gage à la constante et inaltérable amitié qui subsiste entre les deux pays, et une nouvelle consécration à un principe qu'elles désirent soit adopté, autant que possible, comme règle internationale, et qui a été déjà appliqué d'une manière satisfaisante à leurs mutuelles relations, conviennent de remettre toutes les différences qui, en conséquence du conflit des intérêts commerciaux ou autres, s'élèvent entre elles, et ne puissent être résolues par les moyens diplomatiques ordinaires, à la décision d'Arbitres nommés d'un commun accord, ou de recourir à cet effet aux bons offices d'une Puissance amie.

ARTICLE XV.

Le présent Traité aura exécution vingt jours après l'échange des ratifications, et sera en vigueur pendant douze années à dater du jour de cet échange. Si aucune des Hautes Parties Contractantes ne notifie à l'autre, une année avant l'expiration de ce terme, l'intention d'en faire cesser les effets, il continuera à rester en vigueur jusqu'à ce que l'une ou l'autre des Parties Contractantes l'aura dénoncé et pendant une année encore à dater du jour dans lequel cette dénonciation aura lieu.

Le présent Traité sera ratifié, et les ratifications en seront échangées aussitôt que faire se pourra.

En foi de quoi les Plénipotentiaires respectifs l'ont signé et y ont apposé le cachet de leurs armes.

Fait à Londres, en double original, le

Inclosure 2 in No. 6.

Memorandum.

LE Traité du 23 Janvier, 1860, entre la Grande Bretagne et la France, tandis qu'il établissait un régime qui de fait était différentiel au profit des vins Français et au préjudice des vins Portugais, inaugurait sous d'autres rapports une nouvelle politique commerciale, que presque toutes les autres nations de l'Europe ont été forcées d'adopter.

On peut soutenir en théorie qu'il est plus convenable que chaque pays réforme les

Tarifs Douanières par des lois générales en se réservant sa pleine liberté fiscale que par des Traités en aliénant cette liberté. Mais en matières de commerce international il n'y en a pas et ne peut pas en avoir de théories absolues ; il faut que chaque Gouvernement modifie ses principes en présence des faits qui existent indépendamment de sa volonté, et qu'il ne peut pas altérer ; il faut que chaque pays transige et adapte son système commercial au système suivi par les autres pays.

Le droit conventionnel de l'Europe, antérieur à 1860, reposait sur la base du traitement de la nation la plus favorisée, conditionnel ou dépendant des compensations. La France disait aux autres nations, "Si vous voulez jouir du bénéfice de mon régime conventionnel avec la Grande Bretagne, donnez-moi des compensations." La Belgique et le Zollverein se sont empressés de traiter avec la France, en lui offrant des compensations. Les autres nations ne pouvaient que suivre la même voie.

Le Gouvernement de Sa Majesté Très Fidèle pensait aussi qu'il était préférable de réformer les Tarifs par des lois générales. Cependant, beaucoup de produits Portugais se trouvaient soumis à des droits plus élevés à l'importation en France que les produits similaires d'autres pays concurrents, et ne pourraient, par conséquent, y soutenir les luttes de la concurrence. Les producteurs et le commerce Portugais faisaient de pressantes réclamations auprès du Gouvernement de Sa Majesté, afin qu'il obtînt de la France le régime de la nation la plus favorisée. Le Gouvernement de Sa Majesté ne pouvait donc laisser d'entrer en négociations à cet effet avec le Gouvernement Français.

Mais il n'a jamais pensé que les produits de la Grande Bretagne pourraient rester soumis pendant quelque temps à un régime différentiel, par rapport aux produits similaires de la France à l'importation en Portugal. Il avait entamé des négociations avec le Gouvernement de Sa Majesté Britannique, et il espérait qu'un nouveau Traité entre les deux pays serait conclu avant que le Traité avec la France fut mis en vigueur.

Mais par des circonstances qu'il est inutile de rappeler ici, les négociations entamées n'ont pas eu le résultat désiré et espéré par le Gouvernement de Sa Majesté.

La Confédération de l'Allemagne du Nord, l'Autriche, et l'Italie conservaient encore leur régime conventionnel incommunicable aux nations qui n'avaient pas Traité avec elles. Les produits Portugais se trouvaient soumis à un régime très-sensiblement différentiel à l'importation dans ces pays. Les vins Portugais, par exemple, étaient soumis à un droit différentiel de près de 40 pour cent à l'importation à la Confédération de l'Allemagne du Nord, par rapport aux vins Français, Italiens, et Espagnols.

Le Gouvernement de Sa Majesté était donc forcé de ne pas accorder gratuitement son régime conventionnel, et de la conserver aussi incommunicable comme élément de négociations avec ces pays. S'ayant, toutefois, assuré préalablement qu'il pouvait obtenir des dits pays le traitement de la nation la plus favorisée sous la condition d'une parfaite réciprocité, le Gouvernement de Sa Majesté a demandé au Parlement l'autorisation pour rendre extensif, sous cette condition, à toutes les nations le régime conventionnel avec la France. On a suscité alors la question de savoir si le bénéfice de ce régime pouvait, en vertu d'une loi contenant une pareille clause, être appliqué à l'Angleterre, tandis qu'elle maintiendrait un droit différentiel de 150 pour cent sur les vins Portugais. Cette question était d'autant plus désagréable pour le Gouvernement de Sa Majesté qu'il n'était pas à même de justifier ou d'expliquer devant le Parlement la conservation de la part de la Grande Bretagne d'un régime différentiel, dont le "Board of Trade" avait demandé l'abolition, au nom des intérêts du commerce Anglais, et en se fondant sur des raisons de justice et d'équité internationales et fiscales, qui n'ont pas été, et qui difficilement pourraient être, réfutées par les Départements fiscaux. Dans ces circonstances le Gouvernement de Sa Majesté a demandé au Gouvernement de Sa Majesté Britannique d'ouvrir une enquête ou de l'habiliter de quelque manière d'écarter les obstacles qui s'opposaient à l'application à la Grande Bretagne du bénéfice du régime conventionnel avec la France. Mais cette démarche, quoique favorablement accueillie par Lord Clarendon, n'a pas eu de suite.

De cette manière s'est prolongé jusqu'à présent un état de choses que le Gouvernement de Sa Majesté regrette profondément, et qui exerce la plus pernicieuse influence sur les relations commerciales entre les deux pays.

D'un côté un droit sur l'importation des vins, qui, quoique dans la lettre et dans l'intention du législateur, ne dût pas être un régime différentiel au profit d'une nation et au préjudice des autres, a toutefois dans la pratique ce caractère et ces effets.

D'un autre côté des droits différentiels sur divers articles Anglais, droits établis, non en représailles, mais comme une conséquence nécessaire et inévitable de la politique commerciale inaugurée en Europe par le Traité de Commerce de 1860 entre la Grande Bretagne et la France, et maintenue jusqu'à présent, malgré les désirs du Gouvernement de Sa Majesté et en raison de l'impossibilité absolue dans laquelle il s'est trouvé

d'obtenir du Gouvernement de Sa Majesté Britannique une parfaite réciprocité dans le traitement de la nation la plus favorisée, ou du moins une explication satisfactoire de l'inégalité avec laquelle les produits Portugais étaient traités et de remplir ainsi la condition qu'on jugeait nécessaire pour rendre extensif à d'autres pays le bénéfice du régime conventionnel entre le Portugal et la France. Quant à la pernicieuse influence que cet état de choses exerce sur les relations commerciales entre les deux pays, il suffit de regarder les tableaux du commerce respectif pour l'apercevoir tout de suite, palpable et évidente.

La valeur des marchandises importées de la Grande Bretagne en Portugal s'est élevée de 7,682,240$572 reis (ou 1,707,164*l.*) en 1851, à 14,418,542$500 reis (ou 3,204,120*l.*) en 1861. La valeur des marchandises exportées de Portugal pour la Grande Bretagne s'est élevée de 3,885,376$407 reis (ou 863,416*l.*) en 1851, à 8,205,738$500 reis (ou 1,823,719*l.*); c'est-à-dire, dans la période de 1851 à 1861, dans lequel une parfaite réciprocité dans le traitement de la nation la plus favorisée présidait à leurs relations commerciales, le commerce spécial entre les deux pays doublait sa valeur. Dans la période de 1861 à 1871, dans lequel l'existence d'un régime différentiel a empêché le développement de l'exportation du Portugal pour la Grande Bretagne, et par conséquent de l'importation de la Grande Bretagne en Portugal, le commerce entre les deux pays, loin d'augmenter dans les mêmes proportions, se présente presque stationnaire. Les tableaux statisques du commerce du Portugal par rapport à 1871 n'ont été pas encore publiés. On ne peut donc comparer les extrêmes de cette période. Mais les chiffres suivants suffiront à démontrer la proposition ci-dessus établie :—

Exportation.

	£
1865	2,978,691
1867	2,349,269
1869	2,751,133

Importation.

	£
1865	2,724,217
1867	2,645,372
1869	2,324,033

Qu'est ce qu'il faut pour améliorer les relations commerciales entre les deux pays? Il faut les placer sur un pied permanent et solide du traitement de la nation la plus favorisée; il faut que la réciprocité dans ce traitement soit de part et d'autre parfaite et inaltérable, comme il convient aux sentiments et intérêts mutuels des deux nations; il faut qu'un régime différentiel cesse d'empêcher le développement de l'exportation de Portugal pour la Grande Bretagne de l'article que peut mieux alimenter le commerce respectif, et par conséquent le développement de l'importation de la Grande Bretagne en Portugal.

Voilà la condition essentielle, la condition *sine quâ non* de toute amélioration des relations commerciales entre les deux pays. Les faits constatés par les tableaux statistiques du commerce entre les deux pays le démontrent *à posteriori;* mais la démonstration *à priori* ne sera pas moins évidente.

La production est limitée par l'extension des marchés; l'exportation est proportionée à l'importation. C'est à la Grande Bretagne qu'appartient la gloire d'avoir la première formulée ces lois économiques dans les préceptes de la science, et de s'en avoir inspirée dans la révision de son système commercial. C'étaient ces lois que Mr. Huskisson invoquait quand il substituait le système de la réciprocité au système des droits différentiels. Ajourd'hui elles sont généralement acceptées comme axiomes économiques, et il serait donc inutile d'insister là-dessus.

Or, le vin c'est le plus important article de l'exportation du Portugal, et celui qui est susceptible d'un développement plus rapide et considérable; il représente actuellement près de 50 pour cent de la valeur totale de l'exportation pour la Grande Bretagne; mais quand on considère l'extension successivement croissante des marchés du pays importateur et les facultés productives du pays exportateur, on reconnaît que l'exportation actuelle de cet article est loin d'atteindre ses limites naturelles. La production des autres articles de l'exportation du Portugal est plus ou moins restreinte par la nature par le manque des capitaux, ou par d'autres causes qui seulement avec le temps peuvent être écartées. La production du vin ne se trouve limitée à présent que par le manque de marchés convenables. Sous ce point de vue vinicole, aucun pays n'a été si généreusement doué par la providence que le Portugal. La vigne y croît partout, et partout elle produit d'excellents fruits. Les terrains incultes, qui occupent une grande partie de la superficie

du territoire du royaume et des îles adjacentes, peuvent être convertis en vignes ; et dans beaucoup de ceux qui sont cultivés la culture peut être transformée avec grand avantage. Il y a déjà une considérable quantité et variété de vins, qui sont vendus dans les marchés intérieurs très-souvent à des prix purement rémunérateurs des dépenses de production. Ces vins devaient rencontrer un vaste marché dans la Grande Bretagne. Mais pour cela il fallait les préparer convenablement pour l'exportation, et que le commerce s'organisât dans ce but. L'Institut Agricole de Lisbonne, les écoles régionales et les missions agricoles spéciales établies dans les principaux centres de production ont déjà répandu assez d'instruction professionnelle pour que les meilleurs procès de vinification puissent être facilement adoptés. Mais le commerce s'est refusé jusqu'à présent à engager ses capitaux dans l'exportation d'un produit qui doit entrer dans les luttes de la concurrence dans son principal marché surchargé avec un droit différentiel de 150 pour cent. Ce droit empêchant ainsi le développement de l'exportation de l'article, qui devait constituer le plus important élément de retour pour les importations de l'Angleterre, doit donc empêcher nécessairement le développement du commerce entre les deux pays.

Mais il y a plus : l'influence d'un pareil régime est encore pernicieuse au commerce international sous d'autres rapports.

Le Portugal a été le dernier pays de l'Europe à établir le système protecteur des industries nationales. Mais à l'ombre de ce système se sont créés des intérêts, qui ont déjà une certaine importance, et qui, comme le disait Adam Smith, l'humanité conseillerait de ménager quand une sage politique ne l'exigerait pas. Le Gouvernement de Sa Majesté a réformé, à différentes reprises, les tarifs ; mais les droits sur quelques articles de l'importation peuvent encore être réduits, au grand avantage du commerce, et sans préjudice pour les industries nationales. Quand le Gouvernement de Sa Majesté a entamé, en 1866, des négociations d'un nouveau Traité de Commerce avec le Gouvernement de Sa Majesté Britannique, il a fait faire des études pour une réforme libérale des tarifs, qui devait être décrétée dans ce Traité. L'actuel Ministre des Finances s'occupe à présent avec le Conseil Général des Douanes de la revision de ce projet, dans l'espérance de ce que le moment opportun pour l'effectuer sera bientôt arrivé. Mais pour le mettre en pratique, il faut que le Gouvernement de Sa Majesté puisse compter sur les effets salutaires de la réforme de cette nature faites en circonstances normales—une rapide augmentation de la consommation, et un développement correspondant de l'exportation. Or, le commerce du Portugal avec la Grande Bretagne est plus important que le commerce du Portugal avec tous les autres pays du monde, y compris les Colonies Portugaises ; ainsi la moyenne de la valeur du commerce général du Portugal avec tous les pays et les Colonies dans les années de 1865 à 1869 a été de 10,235,345*l.* La moyenne du commerce du Portugal avec la Grande Bretagne dans la même période a été de 5,334,326*l.* Mais dans quelques années la valeur du commerce du Portugal avec la Grande Bretagne excède de près de 6,000,000$000 reis (1,333,333*l.*), la valeur du commerce du Portugal avec tous les autres pays et les Colonies Portugaises. Ce fait, qui peut paraître extraordinaire, est toutefois facile d'expliquer en présence des conditions naturelles et commerciales du Portugal par rapport à la Grande Bretagne et aux autres pays. Les principaux articles de l'importation en Portugal sont des produits fabriqués, dans lesquels la Grande Bretagne a acquis une supériorité incontestable sur les autres pays concurrents, les manufactures de coton et de métaux par exemple. Les principaux articles de l'importation du Portugal sont des produits agricoles, ou matières premières, qui rencontrent leurs plus vastes marchés dans la Grande Bretagne—les vins, les bœufs, les fruits verts et secs, les minerais, &c. En outre, les plus intimes relations d'amitié et de commerce existent entre les deux pays depuis des siècles. Des maisons Anglaises se sont établies en Portugal pour explorer les diverses branches du commerce avec la Grande Bretagne. De part et d'autre se sont formées des clientèles et des habitudes qui facilitent l'échange des produits respectifs.

Les conditions des autres pays concurrents sont tout à fait différentes. La France, par exemple, est un grand pays industriel, mais c'est aussi un grand pays agricole. Elle produit et exporte tous les produits similaires de ceux qui constituent les principaux articles de l'exportation du Portugal. La moyenne de la valeur du commerce du Portugal avec la France est à peine de 985,172*l.*

Un Traité de Commerce a été conclu entre la France et le Portugal. Les droits sur beaucoup d'articles de l'importation de France en Portugal ont été réduits. Et cependant cette importation n'a pas augmenté. En 1866 avant le Traité elle a été de 892,951*l.*

En 1869, après le Traité, elle était de 683,054*l.* Et pourquoi ? Parce que la balance en faveur de l'importation avait déjà atteint les limites où la résistance à l'action des lois économiques ci-avant citées n'était plus possible. En 1866, la valeur l'exportation du Portugal pour la France était à peine de 144,084*l.* Il y a certains articles de France que la mode impose à tout le monde ; ce sont les tissus de fantaisie—les articles

dénommés "articles de Paris." Le Portugal importait déjà ces articles, sans retour. Mais pour le développement ultérieur du commerce entre les deux pays, il fallait, conformément aux lois économiques ci-dessus citées, que l'exportation se proportionnât à l'importation. Cette proportion tend à s'établir depuis le Traité, mais lentement.

Le commerce du Portugal avec les autres pays qui pourraient faire concurrence à la Grande Bretagne dans les marchés Portugais est très peu important. La moyenne da la valeur du commerce de Portugal avec la Confédération de l'Allemagne du Nord dans les années de 1865 à 1869 était de 134,504*l*,, et avec la Belgique de 28,420*l*. Le commerce du Portugal avec ces pays ne peut pas avoir un développement considérable et rapide.

C'est donc la Grande Bretagne qui principalement doit profiter d'une réforme libérale des Tarifs Portugais, mais c'est aussi de l'augmentation de l'exportation pour la Grande Bretagne que le Portugal doit retirer le principal bénéfice de cette réforme. Or, comme il est déjà démontré, tandis que dans la Grande Bretagne existe un droit différentiel de 150 pour cent sur les vins Portugais, l'exportation du Portugal pour ce pays ne veut pas se développer dans les conditions nécessaires pour la réalisation de ce bénéfice là. Et tandis que le Gouvernement de Sa Majesté ne pourra être sûr qu'en affranchissant les importations, les exportations se développeront ou prendront soin d'elles-mêmes, comme l'affirmait l'illustre patriarche de la science économique, Adam Smith, il ne doit pas entreprendre la réforme des Tarifs.

On peut, donc, conclure sur doubles et solides fondements, qu'une parfaite réciprocité dans le traitement de la nation la plus favorisée, ou l'abolition d'un régime différentiel qui contraire l'action naturelle des lois économiques qui régissent le commerce international, est une condition *sine quâ non* de toute amélioration des relations commerciales entre les deux pays.

Le Portugal ne peut pas aspirer à reprendre le sceptre des mers et la splendeur de sa grandeur commerciale dans les siècles passés ; mais il peut et il doit aspirer à occuper la place modeste et honorable que la providence lui a destinée, entre les autres nations de l'Europe, en le plaçant dans la position la plus avantageuse pour servir d'entrepôt entre l'ancien et le nouveau monde, et en le dotant avec une si grande richesse naturelle. La liberté était la première condition pour qu'il pût sortir de l'état d'abattement auquel il se trouva réduit dans le premier quartier du présent siècle. Trente ans de pénibles efforts ont été nécessaires pour conquérir cette liberté, pour la consolider, pour apprendre les maximes et contracter les habitudes du Gouvernement du pays, par le pays. En 1851 une nouvelle ère de paix et prospérité a été inaugurée. Le système représentatif y a fonctionné si régulièrement que le Portugal a été cité dans la presse de l'Europe à côté de la Belgique, comme exemple aux pays embarrassés dans la pratique de ce système. L'équilibre du budget est presque rétabli. La somme considérable de 10,004,421*l*. a été appliquée à la construction de voies de communications et de chemins de fer. Le commerce extérieur s'est élevé presque au triple. Le mouvement monétaire des banks s'est élevé de 7,712,000$000 reis (ou 1,713,777*l*.) à 41,879,000$000 reis (ou 9,306,444*l*.) Enfin tous les indices les plus sûrs révèlent un considérable développement de la richesse publique du Portugal. Mais pour lui imprimer une nouvelle et vigoureuse impulsion, le Gouvernement de Sa Majesté pense qu'il est indispensable d'améliorer les relations commerciales entre le Portugal et la Grande Bretagne.

Voilà la pensée et le but du projet de Traité que les Plénipotentiares de Sa Majesté ont l'honneur de présenter à Lord Granville.

Une école économique qui a les plus glorieuses traditions, l'école de Manchester, a condamné en principe ou en théorie les Traités de Commerce qui stipulaient des régimes de faveur au profit d'une nation et au préjudice des autres, ou qui compromettent la liberté fiscale de chaque pays contractant. Mais cette école n'a jamais condamné les Traités sur la base du traitement de la nation la plus favorisée. J. R. M'Culloch, un des membres les plus illustres de l'école de Manchester dissertant sur l'origine, l'objet et la politique des Traités de Commerce, dit qu'il est dispose a tomber d'accord avec l'opinion de l'Abbé Mably : que ces Traités doivent se limiter à établir quelques règles générales pour la sûreté du commerce et de la navigation, compris l'importation et l'exportation des marchandises non défendues par la loi, pour l'ajustement des différences ou disputes suscitées, et pour la protection des marchands ou sujets des Parties Contractantes. Mais il croit devoir faire une réserve ou modification en ce qui concerne le commerce, et il ajoute :—" It may indeed, be properly stipulated that the goods of the Contracting Powers shall be admitted into each other's ports on the same terms as 'those of the most favoured nations,'—that is, that no higher duties shall be charged upon them than on those of all others. But here stipulation ought to cease. It is an abuse and a perversion of Commercial Treaties to make them instruments for regulating duties or prescribing Custom-house regulations." Mr. M'Culloch cite comme exemple de cet abus le Traité de 1860 entre la Grande Bretagne

et la France, qui, à ce qui lui semble, a compromis, sous quelques points de vue importants, l'indépendance de la Grande Bretagne ("that, for that period," dit-il, "it has, in some material respects, compromised our independence.")

Le projet de Traité, loin de stipuler des régimes différentiels, abolit ceux qui ayant de fait ce caractère empêchent l'amélioration des relations commerciales entre les deux pays. Sa base en ce qui concerne le commerce c'est le traitement de la nation la plus favorisée dans la signification la plus franche et la plus loyale, la plus large et la plus libérale de cette clause. L'expérience a démontré que le traitement de la nation la plus favorisée, stipulé dans l'ancienne formule, c'est-à-dire conditionnel ou dépendant des mêmes ou équivalentes compensations, n'était pas une garantie réelle, mais complètement illusoire pour le commerce. Une pareille identité ou équivalence ne pouvait jamais s'établir de manière à servir de fondement à une réclamation incontestable des avantages accordés à une tierce Puissance. Dans le présent projet la clause du traitement de la nation la plus favorisée se trouve rédigée, dans les termes les plus positives, en ordre à rendre sûr, réel, et effectif, toujours et dans toutes les circonstances, ce traitement.

La liberté fiscale la plus complète et absolue est expressément réservé de part et d'autre. Mais Sa Majesté Très-Fidèle, désirant resserrer par tous les moyens possibles les liens d'amitié qui unissent les deux pays, et étant convaincu que l'extension de l'échange international est un des moyens les plus puissants à cet effet, puisque, comme le disait le Premier Ministre de Sa Majesté Britannique, "The ships that travel between this land and that, are like the shuttle of the loom that is weaving a web of concord between the nations."

Sa Majesté Très-Fidèle ne doute pas de s'engager à conseiller au Parlement une réforme libérale des Tarifs. Et qu'est-ce que Sa Majesté Très-Fidèle demande en compensation? Elle demande que le droit à l'importation des vins Portugais cesse d'avoir le caractère différentiel qu'il a actuellement. Elle demande l'uniformité du droit quel qu'en soit le taux—uniformité qui, comme il a été démontré, est une condition essentielle pour que toute réforme des Tarifs en Portugal puisse produire les avantages qu'on en doit attendre par rapport aux relations entre les deux pays. Elle demande une parfaite réciprocité de la nation la plus favorisée, réciprocité qui d'un autre côté est réclamée du Gouvernement de Sa Majesté Britannique par les principes fondamentaux de sa politique commerciale, par l'esprit de justice et d'égalité qui depuis longtemps a inspiré constamment la législation fiscale de la Grande Bretagne, et par l'opinion publique.

Pour l'ajustement des différences qui ne puissent être réglées par les moyens diplomatiques ordinaires, Sa Majesté Très-Fidèle propose l'arbitrage. Une code de droit international, dont les préceptes soient généralement acceptés, et un Cour Suprême dont la juridiction soit généralement reconnue pour la décision de tous les conflits internationaux, si ce n'est pas une utopie, c'est du moins une idée philanthropique qui doit couver encore longtemps au sein de la civilization moderne avant qu'elle puisse recevoir une consécration pratique. Mais l'arbitrage constitué de mutuel accord par deux nations pour le règlement des différences soulevées entre elles, c'est un fait déjà acquis, et on ne peut plus douter que ce système soit applicable à tous les cas ordinaires, d'autant plus que, comme le disait Lord Granville dans les plus nobles phrases, aucune nation prétendant être juste et Chrétienne dans sa religion ne peut laisser de l'adopter en telles circonstances. "But in all ordinary matters," disait-il, "in all those affairs by which nations drift, as it has been said, into war, there appear to me to be cases in which nations claiming to be just and to be Christian in their religion, should, if possible, adopt arbitration." (Discours prononcé à l'occasion de l'anniversaire du Lord Maire.)

Les seuls cas auxquels on doute encore que l'arbitrage soit applicable sont: 1. Ceux qui concernent les intérêts vitaux de l'une ou des deux nations. 2. Quand de l'un et de l'autre côté l'irritation des sentiments nationaux a atteint l'extrême degré du désespoir.

Les cas d'aucune de ces espèces ne peuvent évidemment se présenter jamais dans les relations entre le Portugal et la Grande Bretagne, deux pays si intimement unis depuis des siècles par les liens de la plus fidèle amitié et la plus spontanée bienveillance, par l'affinité de sentiments et de principes, par la communauté d'intérêts importants et de traditions glorieuses. Les deux questions de souveraineté soulevées entre les deux pays ont été soumises à l'arbitrage. Dorénavant ni les questions mêmes de cette nature se présentent comme possibles. Les différences qui peuvent se susciter entre les deux pays sont celles qui ayant ordinairement leur origine dans le conflit des intérêts individuels ou collectifs, et devant être réglées d'après des principes du droit international publique, privé ou maritime, principes qui ne sont clairement définis, peuvent donner lieu à un désaccord.

L'application du système de l'arbitrage aux questions de cette nature ne peut offrir la moindre objection ni la moindre difficulté.

L'honorable Président de l'actuel Cabinet de Sa Majesté Britannique disait, il y a peu

de temps: "The Treaty of Washington is a great international recognition of those principles of equity which are now discovering some modes for the settlement of quarrels better than the brutal arbitrament of the sword. We have been willing to place in abeyance our own prejudices and our own determined adherence to our views of our particular rights and claims, for the purpose, in the first place, of securing what we believe to be the safest and most honourable termination of differences; and in the second place we hope we may do something at least in this one respect of our appeal to a pacific settlement rather than to force—something in the shape of setting an example to the world."

Une nouvelle consécration du principe de l'arbitrage dans un Traité avec une petite nation serait encore un exemple posé par la Grande Bretagne devant le monde et peut être sous un forme plus irrécusable, et destiné à produire plus de prosélytes et plus de bénéfices.

Les Puissances réunies au Congrès d'Aix-la-Chapelle y ont affirmé solennellement leur invariable résolution de ne jamais s'écarter, ni entre elles, ni dans leurs relations avec d'autres Etats, de l'observation la plus stricte des principes du droit des gens, principes qui, dans leur application à un état de paix permanent, peuvent seuls garantir efficacement l'indépendance de chaque Gouvernement et la stabilité de l'association générale.

Les principes du droit des gens sont ceux qui sont fondés sur la justice, l'équité, et la nature des choses, et confirmés par l'usage des nations. Aucun principe n'est plus solidement fondé sur la justice, l'équité, et la nature des choses que le principe de l'arbitrage. Ce qui bien manque c'est la confirmation de l'usage. C'est à la Grande Bretagne que doit appartenir la gloire de lui donner cette confirmation. L'Europe et le monde lui doivent déjà le bénéfice de la conservation dans le droit international moderne du principe de la non-intervention dans les affaires intérieures des Etats, principe qui, à une époque qui n'est pas très éloignée, semblait une utopie. L'Europe et le monde devront aussi à la Grande Bretagne le bénéfice bien plus considérable de la consécration du principe de l'arbitrage comme un principe du droit des gens que toutes les Puissances devront observer.

En ce qui concerne le traitement des sujets et des navires de chacune des Hautes Parties Contractantes dans le territoire de l'autre, le présent projet de Traité les assimile aux sujets et aux navires nationaux, sous tous les rapports dans lesquels les convenances du commerce et principes du droit international moderne peuvent exiger cette assimilation.

Ce projet ayant été rédigé d'accord avec les principes professés par le Gouvernement de Sa Majesté Britannique, les Plénipotentiaires de Sa Majesté Très Fidèle se plaisent à espérer qu'il méritera son approbation.

No. 7.

Earl Granville to the Duke of Saldanha.

M. le Ministre, *Foreign Office, January* 14, 1873.

I HAVE the honour to acknowledge the receipt of your note of the 2nd instant, inclosing the project of a Treaty of Commerce and Navigation between Great Britain and Portugal, together with a Memorandum setting forth the views of the Portuguese Government with regard to this subject; and, in conveying to you my thanks for this communication, I beg to assure you that I shall not fail to lay the same before my colleagues.

I am, &c.
(Signed) GRANVILLE.

No. 8.

Sir C. Murray to Earl Granville.—(Received January 22.)

(Extract.) *Lisbon, January 11, 1873.*

YOUR Lordship's despatch of the 23rd ultimo, with its inclosures, having shown that Her Majesty's Government is turning its attention seriously to the commercial relations between Great Britain and Portugal, with a view either to modification of the existing Commercial Treaty, or to the contracting a new one, I think it my duty to submit to your Lordship's consideration a few observations which will be confined almost altogether to the wine trade; that being the item which is held to be of paramount importance by the Portuguese Government and nation.

Your Lordship is aware that the prominent grievance adduced by Portugal, in all the discussions which have taken place on this subject, is that by the operation of the alcoholic test system in England, the duty levied on Portuguese wines is 150 per cent. more than that levied on the average of French wines, and that this difference is so oppressively disadvantageous to this country as to afford a reasonable ground of complaint, and to justify the Portuguese Government in refusing to extend to British manufactures and other produce the advantages conceded to those of France by Treaty.

In reviewing this position, we may, I suppose, assume it as an acknowledged truth in commercial economy that any particular branch of trade which is crippled by unfair restrictions, or oppressed by exceptional burdens, must necessarily languish and decay; and therefore the first point of importance is to ascertain what is now, and has been for some years past, the condition of the Portuguese wine trade, especially with regard to England.

In answer to this inquiry, I have the honour to inclose, for your Lordship's information, an article, with translation, from the "Commercio" of Oporto. From this document, your Lordship will, perhaps, be surprised to gather the fact that, for the last four years, the export of wine from Oporto has been steadily increasing, and that in the last year (1871-72) the increase has been 6,700 pipes, or nearly one-seventh of the whole sum; and also that out of the total of 50,181 pipes exported in 1872, 38,489 were for England, showing the remarkable fact, that whilst the exports to Brazil in respect to this one article had diminished by 246 pipes, those to England had increased by the enormous amount of 6,533 in the course of last year.

Whatever may be the merits of the alcoholic scale question, these figures prove that it must be discussed on other ground than on the assertion that its operation has ruined, or even injured, the Oporto wine trade. I cannot, of course, be responsible for the correctness of the figures, but they are probably based on the local official returns at Oporto, and the fact of their being published in the very quarter where the complaints against the British alcoholic test are the loudest, affords reasonable ground for believing that the figures are not exaggerated. I have now before me an article in the "Lisbon Journal of Commerce," written by a journalist of considerable literary reputation, which shows a very just and disinterested appreciation of the commercial relations between the two countries. He points out to his Portuguese readers that, while England is indubitably and beyond all comparison the best customer of Portugal, taking from her not only four-fifths of her exported wine, but almost an equal proportion of her cattle, agriculture, and other produce, and while the British ships in her harbours and roadsteads greatly exceed in tonnage those of all other countries, she exacts from England much heavier duties on articles of British manufacture than she claims upon similar articles imported from France, and that she tries to justify this unfair treatment of her best customer by alleging the injury accruing to her wine trade by the operation of the alcoholic scale, forgetting that the difference of duty thence leviable on Portuguese wines is not the result of any Treaty or Convention made with France or any other Power to the disadvantage of Portugal, but of a fiscal measure affecting with perfect equality all wines wheresoever they may be grown.

Inclosure in No. 8.

Extract from the "Commercio do Porto" of January 3, 1873.

(Translation.)

EXPORTATION OF WINES FROM OPORTO.—The exportation in the last ten years was as follows :—

	Pipes.
1863	34,905
1864	35,619
1865	39,208
1866	40,507
1867	34,679
1868	35,725
1869	40,850
1870	42,696
1871	43,471
1872	50,182

There is yet a new advance in exportation, and this time far more remarkable from that at the end of 1871. As is seen by comparison between the quantity exported in 1871 and 1872 the increase was 6,711 pipes, that is nearly the seventh part of the exportation of 1871. This is really a progress which marks the year 1872, which will certainly not figure in economic history amongst the least productive of profit.

Comparing the exportation of wines in the last two years to Great Britain, Brazil, and other countries put together, we see the following result :—

	1871.	1872.
	Pipes.	Pipes.
Great Britain	31,956	38,489
Brazil	8,177	7,931
Other countries	3,338	3,761

Thus we see that exportation to Brazil diminished by 246 pipes, that it increased by 423 for other countries, exclusive of Great Britain, and that it increased to the last-named country by more than 6,533 pipes.

No. 9.

Earl Granville to Sir C. Murray.

Sir, *Foreign Office, January 29, 1873.*

I HAVE had under my consideration your despatch, with its inclosures, of the 11th instant, in which you refer to the fact that the export of wines from Portugal to Great Britain, as shown in an extract from a Portuguese newspaper, has increased during the past four years, notwithstanding the duties levied upon Portuguese wines in this country, the reduction of which the Portuguese Government regard as an important point in any revision of the commercial relations of the two countries.

I have now to inform you that the opinions which you have expressed in your above-mentioned despatch are in accordance with the views of Her Majesty's Government. The question of the alcoholic scale is one which concerns the revenue, and in regard to which no risk can be incurred. Her Majesty's Government would, in their own interest, alter it if it could be done with safety, and in the same way the Portuguese Government ought, in their own interest, to reduce the differential duties which they maintain in defiance of all sound economical principles.

I am, &c.
(Signed) GRANVILLE.

No. 10.

The Duke of Saldanha to Earl Granville.—(Received March 6.)

Légation de Portugal, le 4 Mars, 1873.

LE Soussigné, Envoyé Extraordinaire et Ministre Plénipotentiaire de Sa Majesté Très Fidèle, a l'honneur d'exposer à Lord Granville, Ministre des Affaires Etrangères de Sa Majesté Britannique, ce qui suit.

Dans l'Article III du projet d'un nouveau Traité de Commerce entre Portugal et la Grand Bretagne, que le Soussigné a eu l'honneur de présenter à Lord Granville, le Gouvernement de Sa Majesté a proposé la stipulation suivante :—

" Les Hautes Parties Contractantes se réservent leur pleine liberté fiscale pour élever les tarifs des droits à l'importation ou à l'exportation, quand elles le jugeront convenable aux intérêts des pays respectifs, en se conformant, bien entendu, aux stipulations de l'Article précédent. Mais étant convaincues que la facilité et l'extension de l'échange international sont des plus puissants moyens, non seulement de développer la prospérité des nations, mais d'affermir la concorde entre elles, et voulant consolider de cette manière les liens de l'ancienne amitié qui heureusement subsiste entre les deux pays, les Hautes Parties Contractantes s'engagent—

" Sa Majesté Très-Fidèle à faire présenter aux Cortes, aussitôt que possible, un projet de réforme du tarif réduisant les droits d'importation autant que son Gouvernement le jugera compatible avec les intérêts du pays ;

"Sa Majesté Britannique à faire reviser et altérer, aussitôt que possible, l'actuel régime de l'importation des vins, en sorte que les vins Portugais ne soient, dans aucun cas, soumis à un taux de droits, quel qu'il soit, plus élevé que les vins des autres pays vinicoles, excepté le cas dans lequel le Gouvernement de Sa Majesté Britannique jugerait convenable établir un droit *ad valorem ;* parce que alors l'uniformité ou égalité du droit seulement pourra être réclamé pour les vins Portugais qui, sur la même base, poids ou mesure, aient la même valeur que les produits similaires des autres pays."

Les Cortes se sont réunies le 2 Janvier, et d'après les lois Portugaises la durée ordinaire de chaque session législative est de trois mois. Elles peuvent être prolongées moyennant les formalités exigées à cet effet, mais une prolongation beaucoup au-delà du terme légal ne pourra, probablement, avoir lieu cette année-ci. Pour se mettre donc à même de remplir, pour sa part, la stipulation ci-dessus citée, le Gouvernement de Sa Majesté s'est empressé de présenter aux Cortes un projet de réforme du Tarif Général des Douanes. Ce projet réduit le taux des droits d'importation sur beaucoup d'articles, et supprimant 9 classes, 111 articles, et 492 sub-divisions du Tarif en vigueur, le simplifie considérablement au grand bénéfice du commerce. Un projet de Loi rendant extensif à la Grande Bretagne le bénéfice du régime conventionnel du Portugal avec la France et autres nations, sera bientôt présenté aux Cortes. Le bénéfice de l'abolition du seul droit différentiel existant en Portugal sur la navigation a été déjà appliqué à la Grande Bretagne par un ordre du Gouvernement et en vertu d'une Loi antérieure.

De cette manière le Gouvernement de Sa Majesté accordera à la Grande Bretagne sans conditions à peu près les mêmes avantages qu'il offrait en 1867, en compensation de la reduction à 1*s.* du droit sur les vins contenant plus de 26 d'esprit d'épreuve.

Espérant que le Gouvernement de Sa Majesté Britannique, pour sa part, ne laissera pas d'établir l'uniformité du droit sur les vins, qui, comme il a été démontré, est une condition essentielle de l'amélioration des relations commerciales entre les deux pays, le Gouvernement de Sa Majesté ne hésite pas à renoncer à un système commercial dont la conservation pourrait, surtout dans le cas contraire, avoir des avantages incontestables.

Il y a deux systèmes pour réformer les Tarifs—des lois générales et des Traités de Commerce. Ces deux systèmes ont des avantages et des inconvénients relatifs.

En thèse le premier peut paraître préférable, mais le second a été mis en pratique par la Grande Bretagne et la France en 1869, avec des avantages si évidentes que probablement les autres nations de l'Europe l'adopteraient quand même elles n'y seraient pas forcées. Le régime conventionnel du Portugal avait une certaine valeur comme élément de négociation.

Avec cet élément et les reductions de droits qui ont été proposées à la Grande Bretagne en 1867, ou celles qui viennent d'être présentées aux Cortes dans un projet de loi générale, le Gouvernement de Sa Majesté pourrait négocier avec autres nations des Traités avantageux pour élargir les marchés des vins et d'autres produits Portugais. Mais c'était avec la Grande Bretagne que le Portugal avait des relations commerciales plus importantes, c'étaient ces relations que le Gouvernement de Sa Majesté désirait principalement améliorer.

Ne voulant pas établir un nouveau régime conventionnel, qui pendant quelque temps devrait donner des avantages aux produits d'autres nations dans la concurrence avec les produits similaires Anglais, il n'a pas agréés les ouvertures qui lui ont été faites pour la negociation de Traités sur la base de mutuelles réductions des droits d'importation.

Maintenant se proposant réformer le Tarif par une loi générale, et appliquer sans compensations à la Grande Bretagne, et par conséquent à toutes les nations, le bénéfice

du régime conventionnel le Gouvernement de Sa Majesté renonce aux avantages de la politique commerciale des Traités.

Et si le Gouvernement de Sa Majesté Britannique refuse d'altérer le régime de l'importation des vins, qui, étant de fait différentiel, empêche, comme il a été démontré, le développement du commerce entre les deux pays et de la principale source de la richesse publique du Portugal, le Gouvernement de Sa Majesté ne serait plus à même de pouvoir élargir ailleurs, au moyen de Traités avantageux, les marchés pour le principal produit du pays.

Mais ce refus serait encore bien plus pénible pour le Portugal sous d'autres points de vue.

La Grande Bretagne a conclu récemment un nouveau Traité de Commerce avec la France.

Dans ce Traité la Grande Bretagne garantit à la France le traitement de la nation la plus favorisée sans aucune exception ni réserve, et accepte un régime différentiel par rapport à l'Autriche, l'Allemagne et autres nations, en ce qui concerne l'importation de nombreux et importants articles. Ce sacrifice de la réciprocité et égalité dans le traitement de la nation la plus favorisée a été considéré par la France comme une grande preuve de considération et bienveillance.

Dans son Message à l'Assemblée Nationale M. Thiers disait, "Quant au régime définitif qui réglera nos rapports commerciaux avec l'Angleterre, voici ce qui est convenu :

"Les Traités et Conventions de 1860 seront abolis à partir du 1 Mars, 1873, époque où la dénonciation devait avoir son effet ; et, à l'avenir, le régime établi entre les deux nations seront celui que partout on qualifie de traitement de la nation la plus favorisée. Ce traitement, il faut le reconnaître, est le régime naturel de notre époque.

"Partout aujourd'hui, dès qu'on entreprend de négocier avec les Etats commerçants, chacun vous dit—'Traitez-nous comme vous traitez les autres.' C'est en effet ce qui nous est arrivé avec l'Allemagne, lorsque tous nos arrangements commerciaux ayant été anéantis par la guerre, il a fallu adopter avec elle un principe de paix commerciale, équitable et simple. Nous lui avons promis, et elle nous a promis, de nous traiter comme les nations les plus favorisées. C'est le même principe qui à l'avenir réglera nos rapports avec la Grande Bretagne. Nous ferons pour la protection de notre industrie ce que nous jugerons utile ; mais nous ne traiterons pas les produits Anglais autrement que les produits des autres nations.

"L'Angleterre fera de même à notre égard.

"Cependant, comme nous étions liés avec plusieurs nations par des engagements nombreux et impossible à rompre sans accord préalable, nous avons ajournée l'application complète du principe adopté jusqu'au 31 Décembre, 1876, époque où expirent nos engagements, ceux notamment qui nous lient avec l'Autriche. Jusque-là, si nos taxes fiscales ou nos Traités en vigueur comportaient temporairement un régime différentiel à l'égard de l'Angleterre, l'Angleterre attendrait au 31 Décembre, 1876, le régime égalitaire que nous avons promis de lui accorder."

La presse Anglaise publia, il y quelques jours, un télégramme de Paris contenant ce qui suit :—"The Bill approving the Anglo-French Commercial Treaty was distributed among the members of the Assembly to-day. The preamble of the Bill, which is signed by M. Thiers, after analyzing the new arrangements introduced by the Treaty, says :—

"'In fact the Treaty will exercise a happy influence upon the commercial relations of France and England, and will permit us, in consequence of the almost immediate application of the Tariffs inaugurated by the Law of the 26th of July, to increase the resources of the Treasury.

"'When England, out of regard for France, justly sacrificed her dearest principles, we are authorized to consider that the friendships of other countries will not fail us, and that they will show themselves not less eager than the first commercial nation in Europe in seconding us in combinations imposed by imperious circumstances. The new Convention, as is well understood, will not disturb the commercial habits of the two countries. The balance of exchange will not suffer any disturbance. Nevertheless the commercial régime is modified on one notable point, whilst reciprocity and equality appear to be the general conditions of any Convention, England has consented to submit to an equality. If the Assembly desires it, England consents to submit to a differential duty which would affect her exclusively. According to the text of the Treaty, its obligations fall immediately on her, and she could rigorously be compelled to pay all the new duties which are not paid by other nations. We could hardly expect that England would give such an example, but England has nobly understood the new taxes

being purely fiscal, her economical principles would not prevent her making a sacrifice for France under the circumstances. Such truly friendly conduct will be properly appreciated by France.'"

Le Gouvernement da Sa Majesté respecte les nobles motifs et hautes considérations qui ont déterminé le Gouvernement de Sa Majesté Britannique à faire ce que M. Thiers appelle le sacrifice de ses principes les plus chers et à se soumettre à un régime qui, comme il le fait sentir, n'est pas le régime naturel de notre époque, ni même le régime que la France a accordé à l'Allemagne par le Traité de Francfort, qui lui impose une contribution de cinq milliards sans lui faire aucune concession spéciale en matière commerciale.

Et si ce sacrifice peut contribuer, comme il est à espérer, pour resserrer les liens d'amitié et alliance entre la Grande Bretagne et la France, le Portugal n'aura qu'à s'en rejouir. Allié lui-même à la Grande Bretagne par des liens si anciens, si solennellement consacrés par les Traités si entièrement resserrés par la communauté de traditions d'intérêts, de sentiments et de principes, qu'il est impossible d'en supposer la rupture, dans quelque éventualité que ce soit, le Portugal verra avec plaisir l'affermissement de l'alliance de la Grande Bretagne avec la noble nation Française, entre laquelle et la nation Portugaise il y a déjà beaucoup de raisons pour une mutuelle et sincère amitié. Mais en comparant la demande de la France avec celle de Portugal, l'agrément de l'une et le refus de l'autre, le Portugal ne pourrait se soustraire à un sentiment de regret d'autant plus vif qu'une telle inégalité serait difficile de concilier non seulement avec la bienveillance à laquelle il s'attend, mais avec la justice, qui est la loi suprême des relations internationales, et devant laquelle toutes les nations doivent être égales et également traitées.

Le Portugal ne demande à la Grande Bretagne le sacrifice d'aucun principe; au contraire, ce qu'il lui demande, c'est l'application des principes de justice fiscale, d'égalité et de réciprocité, qui, depuis Mr. Huskisson, ont été constamment consacrés dans la législation Anglaise, et qui étaient si chers à cet illustre homme d'Etat, que, comme il le disait au Marquis de Palmella en 1827, il ne voulait pas consentir à leur sacrifice, même au profit de la Grande Bretagne. Ce que le Portugal demande à la Grande Bretagne, c'est la revision d'un régime qui, certes contrairement aux intentions du législateur, et en vertu d'une erreur technique facile à comprendre, puisqu'il a été commis dans l'absence des éléments nécessaires pour une appréciation exacte, constitue la seule exception aux règles de justice fiscale adoptées dans la législation Anglaise. Tout ce que le Portugal demande c'est la substitution du droit actuel sur les vins, qui de fait est différentiel, par un droit uniforme, quel que soit le taux de ce droit. Et il serait difficile de justifier le refus d'une demande conçue dans ces termes.

On comprend que dans les pays où le système de l'*Excise* est adopté, on établisse une limite qui sépare les vins des alcools pour l'application des droits respectifs; mais il n'y a pas aucune raison pour que les vins contenant jusqu'à 26 degrés d'esprit d'épreuve payent 1*s.* et les vins contenant 26, 30, 35, 40, ou quelque autre force alcoolique qui n'altère pas la nature de ces vins, qui ne fait pas qu'ils ne soient vendus et consommés comme vins, payent 2*s.* 6*d.* L'alcool naturel ou ajouté au vin comme une préparation essentielle ne peut être obtenue que par les procédés ordinaires de la distillation. Le vin est une matière première de l'alcool, comme mille autres. Il n'est pas plus juste ni plus nécessaire de taxer l'alcool contenu dans les vins que l'alcool contenu dans les céréales, ou dans le "cyder" et le "mead," qui ayant 10 et 29 pour cent, sont toutefois exempts de droits.

Le Portugal ne demande à la Grande Bretagne le sacrifice d'aucun intérêt; ce qu'il lui demande c'est l'uniformité du droit sur les vins quelqu'en soit le taux. Le Traité du 23 Janvier de 1860 entre la Grande Bretagne et la France cesse d'être en vigueur dans ce mois-ci, et, comme le disait l'année passée l'honorable Mr. Gladstone, le Gouvernement de Sa Majesté Britannique recouvre sa pleine liberté fiscale pour régler le droit sur les vins, comme il le jugera plus convenable aux intérêts du pays. Il peut donc établir l'uniformité avec le taux qu'il trouvera plus adapté à concilier les intérêts du Trésor avec ceux du commerce.

Une note récemment publiée dans un journal Anglais disait que la liberté fiscale de la Grande Bretagne, en ce qui concerne le régime des vins, était encore restreinte par le Traité conclu avec l'Autriche le 16 Décembre, 1865. Mais on ne trouve pas de fondement solide pour cette opinion dans le dit Traité. Il est vrai que dans l'Article I on a stipulé que pendant la durée de ce Traité l'Autriche jouirait des mêmes avantages qui ont été accordés à la France par le Traité du 23 Janvier de 1860, et au Zollverein par le Traité du 30 Mai, 1865, mais dans les stipulations de cette nature on sousentend toujours la condition que les avantages accordés antérieurement à une tierce Puissance soient maintenus. Les Traités sur la base de la nation la plus favorisée ne peuvent renouveler les

Traités conclus sur d'autres bases. L'Autriche n'a accordé à la Grande Bretagne que les mêmes avantages et faveurs dont jouissent le commerce et les sujets d'une tierce Puissance quelconque (Article II).

L'Autriche n'a pas compromis sa liberté fiscale, n'a pas renouvelés, au profit de la Grande Bretagne, les Traités qu'elle avait conclus antérieurement et qu'elle peut faire cesser dans les termes convenus. On ne peut pas supposer que dans une stipulation essentiellement réciproque la Grande Bretagne ait accordé à l'Autriche plus qu'elle lui accorde.

Le Traité du 23 Janvier de 1860 avec la France impliquait une réforme du système fiscal et commercial de la Grande Bretagne, et par conséquent devait être, comme il a été, soumis à l'approbation du Parlement.

Si le Traité avec l'Autriche dût renouveler pour trois ans le Traité avec la France, le Gouvernement de Sa Majesté ne laisserait pas de le soumettre à l'approbation du Parlement.

En tous cas ces concessions faites à la France par le Traité du 23 Janvier, 1860, sont :—1*s.* sur les vins contenant jusqu'à 15 degrés d'esprit de preuve ; 1*s.* 6*d.* sur les vins contenant jusqu'à 26 ; et 2*s.* sur ceux contenant jusqu'à 40.

Il n'y a pas de vins qui contiennent moins de 15 degrés d'esprit de preuve. L'uniformité du droit peut donc être établi sur le taux de 1*s.* 6*d.* sans aucun sacrifice, la consommation devant augmenter considérablement et rapidement. Et si par des considérations que le Soussigné ne peut pas apprécier, le Gouvernement de Sa Majesté ne voulait pas élever le droit sur les vins, qui actuellement jouissent de ce bénéfice, il serait à espérer que les principes de justice et d'équité le détermineraient à considérer encore en présence d'informations plus complètes la possibilité d'établir l'uniformité du droit avec le taux d'un shilling sans compromettre la recette, ou du moins à atténuer autant que possible le caractère différentiel du régime actuel, qui est de 150 pour cent, au préjudice des vins de Portugal, de l'Espagne, et de l'Italie, et des Colonies Anglaises du Cape de Bonne Espérance et de l'Australie.

En appellant la bienveillante attention de Lord Granville sur ce qui vient d'être exposé, le Soussigné, &c.

(Signé) SALDANHA.

No. 11.

Earl Granville to the Duke of Saldanha.

M. le Ministre, *Foreign Office, March* 18, 1873.

HER Majesty's Government have had under their consideration the note which you addressed to me on the 4th instant by direction of your Government, respecting the commercial relations between Great Britain and Portugal; and I have much pleasure in assuring you how highly Her Majesty's Government appreciate the wise and liberal policy which the Government of Portugal is prepared to inaugurate, and which, according to the theory held in this conntry, confirmed by practical experience, must lead to a great increase of prosperity.

Her Majesty's Government believe that the true principle on which all negotiations on commercial matters between nations should be based, is that of each guaranteeing to the other the treatment of the most favoured nation. It cannot be for the interest of any country to exclude by differential duties from its markets the products and manufactures of any other country any more than it can be its interest to refuse to export its own productions and manufactures to any particular foreign market. Differences of climate, soil, and mineral resources are so distributed throughout the world that every nation is the gainer by the freest intercourse of trade between consumers and producers.

At the same time each nation must be the judge of the extent to which it may be necessary to have recourse to Customs duties for the purpose of providing for its financial necessities or for the fiscal protection of its excise. It is with such an object that the wine duties have been regulated in Great Britain on a scale according to the strength of the wine, that is to say, the amount of spirit contained in it. These duties are not, and were not intended to be, differential, although this alcoholic test may press upon those Portuguese wines which are artificially strengthened.

On the other hand, it is admitted in the Memorandum that accompanied your letter of the 2nd of January that differential duties have been purposely maintained on British manufactures in pursuance of a policy which the Portuguese Government themselves

deplore, and which has led to the result of greatly enhancing to the people of Portugal the prices of manufactured articles of first necessity in their chief and cheapest market, without any proportionate fiscal benefit.

Her Majesty's Government, as I have already stated, and as has been repeatedly explained to the Portuguese Government, retain the wine duties on their present scale solely for fiscal purposes, and they would be prepared to alter it as soon as they should be convinced that it could be done without injury.

Any such alteration, however, would be made in the interest of Great Britain, although Her Majesty's Government would greatly rejoice in anything which stimulated the commercial relations of the two countries, and was likely to prove of advantage to Portugal.

You have referred in your note to the "exposé des motifs" prefixed to the Law for carrying into effect the Treaty between Great Britain and France of the 5th of November last, recently presented to the French Assembly. Her Majesty's Government do not consider it necessary to offer any observations on this part of your note, as they cannot adopt, or be held responsible for, any arguments which the President of the French Republic may think right to address to the French Chamber.

I am, &c.
(Signed) GRANVILLE.

No. 12.

Memorandum communicated to Earl Granville by M. de Soares, April 1, 1873.

LE Gouvernement de Sa Majesté Très-Fidèle a fait exposer au Gouvernement de Sa Majesté Britannique que le régime actuel de l'importation des vins à la Grande Bretagne, quoique il ne fût un régime différentiel ni dans la lettre ni dans l'esprit de la loi, était toutefois, en raison de circonstances spéciales et imprévues, un obstacle au développement des relations commerciales entre les deux pays :—

1. Parce qu'il détournait les capitaux de la viticulture, qui est la principale source de la richesse publique du Portugal, et du commerce des vins, qui constituent le principal article de son exportation et le meilleur retour pour l'importation de la Grande Bretagne.

2. Parceque, en contrariant l'action naturelle des lois économiques, qui regissent le commerce international, le dit régime difficultait les réformes de Tarifs que le Gouvernement Portugais projetait, et qu'il ne pouvait effectuer sans compter sur les avantages d'une augmentation rapide de l'importation et de l'exportation, et sur l'appui de l'agriculture, appui qui lui était nécessaire pour vaincre les résistances que les réformes de cette nature suscitent dans tous les pays.

Lord Granville a bien voulu prendre en considération cet exposé, et a fait des représentations au Trésor sur l'opportunité d'une réforme, qui était sollicitée à la fois par le Portugal, l'Espagne, l'Italie, les Colonies du Cap et de l'Australie, et le commerce Anglais. Dans les négociations du nouveau Traité de Commerce avec la France, le Gouvernement de Sa Majesté Britannique a réservé sa liberté fiscale en ce qui concerne le régime des vins, et il était à espérer qu'une réforme aurait lieu.

Dans ces circonstances le Gouvernement de Sa Majesté Très Fidèle a jugé opportun de proposer au Gouvernement de Sa Majesté Britannique la négociation d'un nouveau Traité de Commerce sur la base du traitement de la nation la plus favorisée. Cette proposition ayant été favorablement accueillie, les Plénipotentiaries de Sa Majesté Très Fidèle ont présenté à Lord Granville un projet de Traité sur la base indiquée, et auquel son Excellence avait bien voulu promettre d'avance la plus bienveillante attention du Gouvernement de Sa Majesté Britannique.

Dernièrement les Plénipotentiaires de Sa Majesté Très Fidèle ayant quelques raisons pour craindre que le Gouvernement de Sa Majesté Britannique désistât de toute altération du régime actuel des vins, ont cru devoir appeler la bienveillante attention de Lord Granville sur l'effet que, en présence des circonstances que l'autorité du Président de la République Française rendait si frappantes, cette résolution devait produire en Portugal, en décourageant le commerce et l'agriculture et en difficultant les réformes que le Gouvernement de Sa Majesté Très Fidèle désirait effectuer pour améliorer le commerce entre les deux pays, et auxquelles le Gouvernement de Sa Majesté Britannique avait paru disposé à accorder son concours.

Dans une note adressee au Maréchal Saldanha, Lord Granville dit que, d'après les principes professés par le Gouvernement de Sa Majesté Britannique, le traitement de la

nation la plus favorisée doit être la base des Traités de Commerce, et que toutes les réformes de Tarifs doivent être faites dans l'intérêt de chaque pays ; que le Gouvernement de Sa Majesté Britannique serait disposé à altérer le régime actuel des vins aussitôt qu'il se convaincrait qu'il pouvait le faire, sans sacrifices des intérêts fiscaux, mais que toute altération serait faite dans l'intérêt de la Grande Bretagne, quoique le Gouvernement de Sa Majesté Britannique se plairait beaucoup à tout ce que pourrait stimuler les relations commerciales entre les deux pays et être avantageux au Portugal.

Connaissant les principes professés par le Gouvernement de Sa Majesté Britannique en matière de commerce international, le Gouvernement de Sa Majesté Très Fidèle a tâché de conformer à ces principes le projet de Traité présenté à Lord Granville. Il n'a jamais prétendu, et il ne prétend pas, que le Gouvernement de Sa Majesté Britannique consente à stipuler un nouveau régime des vins dans un Traité en compromettant sa liberté fiscale. Mais il n'a pas caché, et il ne cache pas, qu'il a le plus grand intérêt à obtenir une stipulation qui, tout en réservant la plus complète liberté fiscale du Gouvernement de Sa Majesté Britannique, non seulement quant à la fixation du taux mais quant au choix de la base du droit, puisse toutefois contribuer pour écarter les obstacles qui actuellement s'opposent à toute amélioration importante des relations commerciales entre les deux pays, et qui ont été exposés à Lord Granville.

Si le Gouvernement de Sa Majesté Britannique n'agréait pas la stipulation de l'Article III du projet de Traité, les Plénipotentiaires Portugais proposeraient la substitution ci-jointe, et accepteraient quelque autre qui atteindrait le même but. Et en tous cas ils seraient infiniment reconnaissants à Lord Granville si son Excellence voulait bien les faire savoir quelles étaient les stipulations du projet de Traité que le Gouvernement de Sa Majesté Britannique accepte et celles qu'il rejette, afin qu'ils puissent demander des nouvelles instructions à leur Gouvernement s'ils le trouvent nécessaire.

Substitution de l'Article III du Projet de Traité de Commerce entre le Portugal et la Grande Bretagne.

Les Hautes Parties Contractantes se réservent sa pleine liberté fiscale. Cependant Sa Majesté Très Fidèle conseillera aux Cortes un projet de réforme du Tarif en vigueur en le simplifiant et en réduisant les droits à l'importation autant que son Gouvernement le jugera compatible avec les intérêts du pays.

Sa Majesté Britannique, prenant en considération ce que lui a été exposé de la part de Sa Majesté Très Fidèle sur la force alcoolique des vins Portugais, lesquels, contenant et ne pouvant laisser de contenir plus de 26 degrés d'esprit d'épreuve, sont soumis au droit maximum de 2*s.* 6*d.* par gallon, consent à faire reviser le régime actuel de l'importation des vins aussitôt que son Gouvernement, ayant recouvrée sa pleine liberté fiscale, pourra effectuer cette révision sans exposer les intérêts du fisc, que le dit régime avait pour but de protéger, et en sorte que les vins Portugais importés en *bonâ fide* pour être consommés comme tels et dont la force alcoolique n'excède le degré fixé pour distinguer les vins des alcools, ne payent pas des droits plus élevés que les vins de quelque autre pays.

No. 13.

Memorandum communicated by M. de Soares, April 21, 1873.

LE Portugal produit une grande variété de vins qui à présent ne sont pas connus à la Grande Bretagne, et qui, en raison de leur qualité et de leur bas prix, semblent destinés à avoir ici une large consommation. Ces vins contiennent de 26 à 28 ou 29 degrés (force moyenne) de alcool naturel vérifié par l'hydromètre de Sykes. Mais pour les préparer convenablement pour la consommation nationale et à plus forte raison pour l'exportation, il est indispensable de leur ajouter quelque alcool étranger, quoique en moindres proportions qu'à ceux du Porto. On ne peut pas dire quelle sera leur force alcoolique à l'importation à la Grande Bretagne. C'est possible qu'elle n'excède 34 ou 35 degrés, mais on ne peut pas l'indiquer précisément.

Cependant tous ou presque tous les vins Portugais actuellement importés à la Grande Bretagne contiennent de 33 à 42 degrés, tandis qu'il y a encore des vins Français qui contiennent plus de 26 mais moins de 33.

Toute altération donc de l'échelle alcoolique dont le résultat immédiat serait de donner aux vins Français qui à présent n'en jouissent pas l'énorme avantage du droit de 1*s.* et

rendre plus formidable leur concurrence aux vins Portugais frappés d'une surtaxe de 150 pour cent, aggraverait les plaintes du commerce de ces vins et les difficultés que s'opposent à toute amélioration importante des relations commerciales entre les deux pays et qui ont été exposées à Lord Granville.

Le commerce des vins Portugais se plaint de que l'échelle alcoolique ait été déjà altérée deux fois, en vertu de stipulations et au profit de la France :—

1. Quand on a élevé de 15 à 18 degrés le limite fixé dans le Traité de 1860, pour le droit de 1*s*.

2. Quand on a élevé ce limite de 18 à 26 degrés, en augmentant à la fois le droit sur les vins contenant plus de 26 degrés et par conséquent sur tous les vins Portugais.

Maintenant une troisième altération qui ne profitât pas aux vins Portugais, et qui peut paraître faite au profit exclusif de la France, aggraverait sans doute les plaintes du commerce et de l'agriculture du Portugal et les difficultés dont elles sont l'origine.

Mais on dit, les vins Portugais contiennent de l'alcool étranger ("adventitious spirit"). Il est donc juste qu'ils payent une surtaxe proportionnelle à cet alcool.

D'abord cette théorie des droits harmoniques ou d'un droit correspondant aux vins que ne contiennent que de l'alcool naturel, et une surtaxe proportionnelle à l'alcool étranger qu'on leur a ajouté si elle a des attraits qui aient pu séduire des esprits élevés, l'expérience a toutefois démontré qu'elle était absolument impraticable. L'alcool naturel des vins varie entre 10 et 35 degrés d'esprit, type de l'Angleterre. La force moyenne de l'alcool naturel des vins de la région de la vigne dans le nord de l'Europe varie entre 10 et 15 degrés ; dans les principaux districts du Portugal elle varie entre 26·25 et 28 degrés, mais d'après les études faites par une commission technique à "l'Institut Agricole" de Lisbonne le maximum atteint 33·25 degrés et plus. Le Commissiare Anglais, Mr. Charles Bernard, affirme dans son rapport au Gouvernement de Sa Majesté Britannique que le vin de l'Espagne (Amontillado, échantillon No. 13) complètement pur (" unmixed with spirit") contenait 35·4 degrés.

Si on fixe donc à 10 degrés le limite pour le droit sur les vins ne contenant que de l'alcool naturel, on exclut tous les vins qui contiennent de 10 à 35 degrés. Si on fixe ce limite à 26, comme on a fait en 1862, on exclut encore ceux qui contiennent jusqu'à 35 degrés. Si on le fixe à 35 degrés, il en résultera qu'un vin contenant 10 ou 11 degrés de alcool naturel pourra être alcoolisé artificiellement jusqu'à 35 degrés, c'est-à-dire qu'il pourra contenir 24 ou 25 degrés de alcool étranger (250 pour cent) par rapport à l'alcool naturel, en payant tout de même le droit de 1*s*., tandis qu'un vin ayant 35 degrés de alcool naturel et $\frac{1}{100}^{e}$ ou une fraction quelconque d'un degré de alcool étranger au-dessus de ce limite payera 2*s*. 6*d*. Où est donc l'harmonie ou la proportionnalité des droits ?

Mais la contradiction des effets pratiques du système de l'échelle alcoolique avec le but du législateur et frappant même en considérant le limite pour le droit de 1*s*. fixée comme actuellement à 26 degrés. Il est un fait publique et notoire que beaucoup de vins Français sont alcoolisés pour l'exportation, et que dès que l'alcool employé à cet effet n'est plus exempt du droit respectif on les alcoolise avec les vins importés de l'Espagne. Les vins Français donc qui ne contiennent plus de 10 ou 15 degrés d'alcool naturel peuvent recevoir 16 ou 11 degrés de alcool étranger sans perdre l'avantage du droit de 1*s*., tandis que les vins du Porto dont la force alcoolique moyenne excède 26 degrés, quand même ils n'auraient une goute d'alcoole étranger, et n'en ayant jamais plus de 16 degrés, sont frappés d'une surtaxe de 150 pour cent. Or, cela ce n'est pas, certes, la justice fiscale que le législateur avait en vue, mais au contraire la violation la plus frappante de cette justice.

Le vin n'est pas un produit tout à fait naturel, c'est un produit fabriqué dont la principale matière première est un produit naturel, les raisins. Les qualités de vins et leur valeur vénale ne dépendent seulement des qualités des raisins, mais aussi de la manière de les fabriquer ou des systèmes de vinification. Or, on a démontré, et le Commissaire Anglais, Mr. Charles Bernard, a reconnu, que l'addition de l'alcool étranger était essentielle aux vins du Porto pour maintenir leur qualité, leur réputation, et leur valeur vénale (Rapport de Mr. C. Bernard, page 22). Cette démonstration pratique, évidente et incontestable, on peut la faire par la simple comparaison des vins du Porto alcoolisés avec les vins du Porto non-alcoolisés, ou sans alcool étranger, et les éléments nécessaires pour la constater ont été fournis au Foreign Office et au Trésor.

Est-il donc juste qu'on frappe d'une surtaxe de 150 pour cent les vins du Porto en raison de l'alcool étranger qu'ils contiennent, et qu'ils ne peuvent laisser de contenir sans perdre leur qualité et leur valeur et être tout à fait exclus des marchés Anglais ?

Le principe de la taxation des articles mélangés, ayant différente valeur, n'est pas applicable aux vins. Il est juste que, par exemple, un tissu mélangé de soi et laine paye un droit plus fort qu'un tissu de laine, puisqu'il vaut plus. Mais il n'est pas juste qu'un

vinau- dessus de 26 degrés d'esprit d'épreuve paye plus qu'un vin au-dessous de ce degré, puisque la valeur des vins n'est aucunement proportionnée à l'alcool qu'ils contiennent, et les vins au-dessous de 26 degrés ont, en général, une valeur très supérieur à celle des vins au-dessus de ce degré.

La surtaxe de 150 pour cent est-elle nécessaire pour protéger la recette contre les dangers de la distillation illicite, ou de la substitution des alcools nationaux par les vins dans la consommation.

Si l'alcool naturel ou étranger pût être mécaniquement séparé des vins, et entrer en concurrence avec les alcools nationaux, il serait juste de le soumettre à un droit proportionnel. Mais cet alcool ne pent pas être séparé des vins que par la distillation. Le vin est une matière première de l'alcool comme mille autres. S'il est juste de taxer l'alcool partout où il existe, même à l'état de matière première, pourquoi le taxer seulement dans les vins? Pourquoi exempter le *cider*, et le *mead* ou *metheglin*, qui contiennent 11 et 29 pour cent, et peuvent être alcoolisés artificiellement?

Les Départements Fiscaux reconnaissent qu'on peut permettre l'importation au droit de 1*s.* des vins naturels (Porto, Madeira, Xerés, Marsala, &c.) sans le moindre risque pour la recette de l'Excise. Ce qu'ils craignent c'est l'usage illicite qu'on peut faire des vins fabriqués à Hambourg et importés à l'Angleterre, sous les noms des vins du Porto, Xerés, Marsala. Mais d'abord on pourrait examiner s'il était possible et juste de distinguer et appliquer des droits divers aux vins naturels importes *bonâ fide* et aux vins factices importés sous des faux noms, et en manifeste violation des lois qui garantissent la propriété industrielle et les marques de commerce, et de la loi qui défend et punit la falsification ou l'adultération des matières alimentaires et des boissons. Et en outre les Départements Fiscaux ont aussi admis que la distillation des autres matières premières est incomparablement plus profitable (100 pour cent du moins) que celle des vins factices à plus bon marché. Mais si elle est incomparablement plus profitable et évidemment plus facile, puisque les autres matières premières ne sont pas soumises à la double surveillance des Douanes et de l' "Inland Revenue," pourquoi la craindre? Quant à la substitution des alcools nationaux par les vins factices plus alcooliques, il suffira d'observer que si elle était possible elle pourrait avoir lieu avec des profits énormes, même sous l'actuel régime de l'importation.

En tout cas, dès qu'on ne demande l'uniformité du droit sur le taux de 1*s.*, mais sur un taux quelconque, les objections des Départements Fiscaux n'ont plus de force.

S'il n'est donc pas possible d'établir à présent l'uniformité du droit, ce qu'il paraît plus juste, c'est qu'on atténue les inconvénients du régime actuel dont l'expérience a démontré que les effets pratiques étaient en manifeste opposition avec le but que le législateur a eu en vue, en l'adoptant la justice fiscale.

No. 14.

M. de Soares to Earl Granville.

My Lord, *Londres, le* 28 *Avril*, 1873.

APRES avoir eu l'honneur de parler, l'autre jour, à votre Seigneurie, j'ai pensé que si on avait fait des études dans les Départements Fiscaux pour élever, cette année, la limite de l'échelle alcoolique pour le droit de 1*s.* à 32 degrés, l'idée de l'Honorable Chancelier de l'*Exchequer* serait peut-être celle qui est exposée dans le Memorandum ci-joint.

Je prie donc votre Seigneurie de me permettre d'appeler sa bienveillante attention sur cette nouvelle phase de la question, qui semble offrir une solution satisfaisante et plus facile.

Votre Seigneurie m'a dit qu'il y avait dans notre proposition deux questions, à savoir: un Traité sur la base du traitement de la nation la plus favorisée, et une réforme du Tarif Portugais en compensation d'une réforme du régime de l'importation des vins à la Grande Bretagne.

Je ne sais pas si j'ai bien saisi l'idée de votre Seigneurie en résumant ainsi notre proposition. Mais en supposant que la séparation des deux questions pourrait faciliter les négociations, j'ai demandé des instructions à mon Gouvernement à ce sujet. Nous pourrions négocier un Traité sur la base du traitement de la nation la plus favorisée, en réservant la matière de l'Article III du projet pour un Protocole ou pour un Article Additionnel, qu'on pourra conclure plus tard.

Le Gouvernement de Sa Majesté désire depuis longtemps, comme il en a donné des preuves irrécusables, de rendre extensif à la Grande Bretagne le bénéfice du régime conventionnel du Portugal, et je crois que, cette année-ci, il aurait réussi à faire passer

dans les Chambres un projet de loi à cet effet si des difficultés politiques provenant principalement des événements de l'Espagne ne l'avait pas empêché de prolonger la Session Législative. Mais comme l'actuel régime de l'importation des vins à la Grande Bretagne est le principal obstacle au développement des relations commerciales entre les deux pays, et comme il n'est pas facile de convaincre les Membres du Parlement que le Portugal jouit du traitement de la nation la plus favorisée à la Grande Bretagne, quoique les vins Portugais y soient soumis à un droit qui de fait est différentiel de 150 pour cent, il est naturel que le Gouvernement de Sa Majesté ne désire présenter au Parlement un Traité qui n'altère aucunement cet état de choses. Je suis toutefois convaincu que aussitôt que le Gouvernement de Sa Majesté Britannique aura examiné la question en présence d'informations plus complètes, il serait facile d'arriver à un accord qui écarte toutes les difficultés.

Je saisis, &c.
(Signé) D. G. NOGUEIRA SOARES.

Inclosure in No. 14.

Memorandum.

THE equalization of wine duties is asked for by the English Chambers of Commerce, and by the Representatives of Portugal, Spain, and Italy, not only as a measure of fiscal justice, but as an essential condition of improving the commercial relations between these countries and Great Britain.

Hitherto, only three ways have been indicated to arrive at equalization, viz. :—

1. The immediate reduction of the 2*s*. 6*d*. duty to 1*s*.
2. The annual reduction of 6*d*. of this duty until it reaches the uniform duty of 1*s*.
3. The immediate equalization of the duty at any rate whatever.

The first two ways have been objected to. The third one could not be objected to under a fiscal or financial point of view, but it is said that Her Britannic Majesty's Government, not yet having recovered its fiscal liberty, is prevented from adopting it.

At present it appears that the Honourable Chancellor of the Exchequer has thought of raising the limit of the 1*s*. duty from 26 to 32 or 33 degrees, and that he has ordered some inquiries to be made for this purpose. If Mr. Lowe intends, as it may be inferred, to arrive at the equalization of the wine duty by a new way, which would consist in the gradual and annual elevation of the limit of the 1*s*. duty, all the interests concerned in the question might at last be satisfied.

According to this system the limit for the 1*s*. duty should be raised :—

In the first year from 26 to 32 or 33 degrees; second year, from 32 or 33 to 36 or 38 degrees; third year, from 36 or 38 to 42 degrees.

The wines imported into England at present containing more than 26 and less than 32 degrees are very few, and for the most part from the south of France. The diminution of the revenue arising from the first alteration would be insignificant.

The second alteration would comprehend a certain quantity of the wines of the Peninsular countries, and of the British Colonies, which are at present imported at a duty of 2*s*. 6*d*.; but it would also comprehend the cheap wines of those countries which at present are entirely unknown in England, and which, as the tendency of the market, the organization of the commercial societies on the co-operative system for the importation of cheap wines, and many other circumstances lead to believe, will be very largely imported under the new régime. The increase of importation would then compensate, and more than compensate, for the loss of revenue arising from the reduction of the 2*s*. 6*d*. duty on wines which would profit by it.

But the limit fixed at 36 or even at 38 degrees would not include many wines, which being evidently imported *bonâ fide*, there is no reason why they should be excluded from the benefit of the uniform duty. Fiscal justice, on the contrary, requires that this benefit should be enjoyed by them, the more so as it can be accorded to them without any fiscal or financial inconvenience. In 1877, when this change must take place, the increase in the importation of the wines enjoying at that time the same benefits will be such as to cover the loss arising from a further reduction of the 2*s*. 6*d*. duty.

It is to be believed that experience will plainly show that the apprehensions of the fiscal departments concerning the risk of a prospective loss of the spirit revenue in consequence of illicit distillation or illicit use of strong wines will be groundless. But, at all events, in 1877, Her Britannic Majesty's Government will have recovered its fiscal liberty, and will be able to raise the rate of the uniform duty as high as they think necessary to avoid the apprehended risk, if it proves to have any foundation. The system referred to

will not immediately benefit the Peninsular countries, but it appears to have some advantages above the other suggested systems which may determine the choice of the Honourable Chancellor of the Exchequer:—

1. It can be adopted without affecting the revenue.

2. It is not liable to the objections of the fiscal departments, inasmuch as the elevation of the limit for the 1*s.* duty can be stopped just when the dangers apprehended appear to be real.

3. It would not cause the instability of commerce, since the reduction of the duty depends upon a fact, alcoholic strength of wines, which cannot be altered at the convenience of the merchants.

4. It can be carried out by a simple resolution of the House of Commons, as the alterations which took place in 1861 and 1862.

But the fixing the limit for the 1*s.* duty at 32 or 33 degrees as a definitive and permanent measure would aggravate the differential character that the present régime has *de facto*, and which is an obstacle to the development of the commercial relations between England and the Peninsular countries; as well as the other inconveniences of this régime which have been exposed.

No. 15.

M. de Soares to Earl Granville.—(*Received June* 21.)

Londres, le 20 *Juin*, 1873.

LE Soussigné, Plénipotentiaire de Sa Majesté Très Fidèle pour la négociation d'un Traité de Commerce entre le Portugal et la Grande Bretagne, se conformant aux désirs manifestés par Lord Granville, a l'honneur de lui exposer dans le Mémorandum ci-joint ce qu'il a exposé à son Excellence verbalement.

Le Soussigné, &c. (Signé) D. G. NOGUEIRA DE SOARES.

Inclosure in No. 15.

Memorandum.

SA Majesté Très Fidèle a daigné conférer pleins pouvoirs au Maréchal Duc de Saldanha, son Envoyé Extraordinaire et Ministre Plénipotentiaire à Londres, et à M. Nogueira Soares, Directeur des Consulats et des Affaires Commerciales au Ministère des Affaires Etrangères, pour négocier un nouveau Traité de Commerce entre le Portugal et la Grande Bretagne.

Le Maréchal Duc de Saldanha a envoyé à Lord Granville un projet de Traité le 2 du mois de Janvier de l'année courante.

Dans la note qui accompagnait ce projet le Maréchal disait à Lord Granville que M. Nogueira Soares se mettrait à la disposition de son Excellence pour discuter le dit projet avec le fonctionnaire du Foreign Office qu'elle voudrait bien indiquer à cet effet. Quelques jours après M. Nogueira Soares s'est adressé à Lord Tenterden, Sous-Secrétaire pour les Affaires Commerciales, afin de le prier de faire savoir à Lord Granville qu'il se tenait à la disposition de son Excellence pour le but indiqué par le Maréchal Duc de Saldanha. Postérieurement M. Nogueira Soares s'est adressé à plusieurs reprises à Lord Tenterden pour s'informer s'il avait reçu des instructions de Lord Granville sur la discussion du Traité, mais Lord Tenterden lui à toujours répondu qu'il n'en avait pas encore.

Six mois sont passés, et quoique les négociations aient été placées en des termes qui semblaient devoir les mener à une conclusion facile et satisfaisante elles ne sont pas avancées.

Le commerce du Portugal avec la Grande Bretagne est plus important que le commerce du Portugal avec tous les autres pays du monde, y compris les Colonies Portugaises. Ce fait, peut-être unique dans le commerce international, place le Portugal dans une position exceptionnelle vis-à-vis de la Grande Bretagne. Il ne peut pas développer la viticulture, la principale source de sa richesse, il ne peut pas adopter la politique commerciale qu'il juge plus convenable sans avoir assuré une parfaite réciprocité dans le traitement de la nation la plus favorisée, une parfaite égalité des conditions de l'admission de ses plus importants produits dans son principal marché.

Le régime de l'importation des vins constitue, comme il a été démontré dans un autre Mémorandum envoyé à Lord Granville, une exception à cette égalité, et un obstacle au développement des relations commerciales entre les deux pays. Et qu'est-ce que le Portugal demande en ce qui concerne ce régime? Il demande que le Gouvernement prenne en considération des faits qui n'étaient pas connus quand il l'a établi, mais qui ont été étudiés et vérifiés après, et en présence desquels il semble évident que le dit régime n'est plus en harmonie avec la justice fiscale, ni avec les principes fondamentaux de la politique commerciale du Gouvernement de Sa Majesté Britannique, ni même avec le but que le législateur a voulu atteindre en l'établissant.

Quand l'honorable Mr. Gladstone a présenté au Parlement une altération de l'échelle alcoolique en élevant le limite par le droit de 1*s.* de 18 à 26 degrés, il a dit: "What we want under a system of this kind is to attain, as far as possible, the greatest simplicity of operation; the most extended application we can manage to secure at the low duty of 1*s.* to what I have called natural wines; and, finally, one other most material object, the effectual protection of the great revenue of 12,000,000*l.*, which we derive from British and imported spirits."

Et qu'est-ce que Mr. Gladstone appelle vins naturels? "When I speak," dit-il, "of natural wine, I mean wine with only so much spirit added as is necessary to make it a merchantable commodity for the general markets of the world; and the distinction which I draw between that and another class—a highly brandied wine—is that, in the latter class, considerable quantities of spirits are added to certain wine to produce peculiar qualities, principally for the purpose of adapting it to the English market." (Mr. Gladstone's Financial Statements. 2nd edition, pp. 288, 299.)

Les vins du Porto contiennent en général plus de 26 pour cent d'alcool naturel, de sorte que, même, n'ayant pas une goutte d'alcool ajouté, ils ne jouiraient pas du bénéfice du droit de 1*s.* Mais il est un fait démontré que l'addition de l'alcool est essentiellement nécessaire aux vins du Porto pour conserver leur valeur vénale, non-seulement pour les marchés Anglais, mais pour tous les marchés du monde. L'alcool ajouté élevant considérablement les dépenses de production, quelques commerçants ont essayé, même avant l'établissement de l'échelle alcoolique dans la Grande Bretagne, la fabrication du vin du Porto, d'après le système Français, sans l'addition d'une seule goutte d'alcool étranger. Mr. Charles Bernard se référant à un échantillon de vin fabriqué d'après ce système, et qu'il considère plus important que tous les autres pour la présente question, dit qu'il n'a mieux à faire que citer les mots de Mr. Harris: "The experiment," dit Mr. Harris, "was made to ascertain whether port-wine could be so treated as to keep without brandy, and, as we are now in the year 1861, the trial has completely succeeded; but, though made in a good situation in the Alto Douro, and in a year remarkable for fine wines, was valued in London about 8*l.* or 9*l.* per pipe, being considered excessively harsh and inferior to the common low wines of France. The cost to the maker could not be less than 25*l.* to 30*l.* per pipe, so that in a commercial point of view, the failure could scarcely have been more disastrous." (Reports relating to Strengths of Wine in the principal Wine-growing Countries in Europe, p. 22.)

La même expérience avec les mêmes ou plus désastreux résultats a été faite par d'autres maisons de Porto et de Londres. Il y a ici des commerçants qui conservent le vin de Porto sans alcool étranger. Pour vérifier qu'il n'est pas "a merchantable commodity for the general markets of the world," il suffit de la goûter.

Le fait qui a été déjà attesté par des maisons de commerce et des fonctionnaires Anglais de la plus grande respectabilité, peut donc être encore facilement constaté. Et ce fais, que l'expérience rend incontestable, la science de la vinification le démontre *à priori* et l'explique. La formation du sucre dans les raisins dépend non-seulement de leur qualité mais des conditions géologiques et climatériques dans lesquelles la maturation a lieu. Toutes ces conditions se réunissent et combinent dans les principaux districts du Portugal de manière à faire que les vins y produits soient très-saccharins. C'est de cette qualité que dérivent celles qui constituent principalement la réputation et la valeur des vins Portugais. L'addition de l'alcool leur est absolument nécessaire soit pour arrêter ou modérer la première fermentation, qui ordinairement a lieu sous une température naturelle très-élevée, et éviter qu'elle devienne trop rapide et trop épuisante des qualités vineuses du moût; soit pour éviter une seconde fermentation que autrement le sucre qui ne s'est pas décomposé dans la première fermentation se trouvant en présence de matières azotées pourrait produire; soit, et principalement, pour régler l'équilibre des agents de la éthérification, ou de la formation du bouquet. D'après les expériences de M. Berthelot et d'autres chimistes éminents sont les acides immédiatement dérivés du sucre, qui en se combinant avec l'alcool forment les éthers et le bouquet du vin. Et non seulement ces acides mais aussi d'autres, et nommément l'acide tartrique et acétique, ont besoin de se

combiner avec l'alcool. Si donc tous ces acides ne trouvent pas dans le vin assez d'alcool livre pour former les combinaisons indiquées, le vin perd tout son bouquet et devient âpre (" harsh ") comme dans l'expérience de Mr. Harris.

Il est vrai que quelques vins du Porto contiennent plus d'alcool ajouté qu'il leur serait stictement nécessaire. Mais il est très-difficile, sinon impossible, même pour les hommes de la science, et moyennant les plus soigneuses analyses, de déterminer d'avance les relations nécessaires entre le sucre et l'alcool, les acides livres et les acides déjà combinés. Quelque alcool de plus que le strictement nécessaire ne fait pas de mal au vin, et quelque alcool de moins compromettrait ses qualités distinctives, et sa valeur vénale. Dans cette alternative, et dans l'impossibilité de connaître précisément la quantité d'alcool qu'on doit ajouter, les marchands préfèrent naturellement le sacrifice du prix de quelque alcool ajouté de plus, au sacrifice bien plus considérable de la valeur du vin. Mais tout l'alcool ajouté aux vins du Porto y est ajouté dans le seul but de préserver leur valeur vénale aussi bien pour le marché Anglais que pour les autres marchés du monde puisqu'ils sont tous fabriqués de la même manière, quel que soit le marché extérieur auquel ils sont destinés. Les vins du Porto qu'on n'alcoolise pas autant sont les vins ordinaires destinés à une consommation presque immédiate dans le pays.

Les Départements Fiscaux ont toujours reconnu que l'admission des vins du Portugal, de l'Espagne, et de l'Italie au droit de 1*s.* ne compromettrait aucunement la recette provenant des esprits Anglais ou importés. Ce qu'ils craignaient c'était l'usage illicite qu'on pouvait faire des vins factices importés au même droit. Mais il paraît que les Départements Fiscaux n'insistent plus sur les objections fondées là-dessus, et difficilement y pourraient insister dès qu'il est démontré que la distillation illicite d'autres matières premières est incomparablement plus lucrative (100 à 450 pour cent) et plus facile à exécuter, et que toutefois on l'a supprimée et on ne la craint plus.

L'échelle alcoolique est sans doute nécessaire à la Grande Bretagne pour protéger l'importante recette provenant des esprits nationaux et importés ; mais elle n'y est nécessaire que comme en d'autres pays—avec une seule limite pour séparer les vrais vins, les vins naturels, les vins de raisins, plus ou moins alcooliques selon les conditions géologiques et climatériques dans lesquelles ils sont produits et fabriqués, mais qui ne peuvent pas évidemment être destinés à un usage illicite des faux vins ou des esprits mélangés (" mixed spirits ").

C'est ainsi que le système de l'échelle alcoolique atteindrait la plus grande simplicité possible d'opération. En présence des faits qui viennent d'être exposés et de ceux qui ont été exposés en d'autres occasions, il paraît que l'application aux vins Portugais d'un droit qui de fait est différentiel de 150 pour cent par rapport au droit applicable aux vins d'autres nations est tout-à-fait contraire non-seulement aux principes de la justice fiscale et aux plus glorieuses traditions de la politique commerciale de la Grande Bretagne, mais aussi au but que le législateur a eu en vue quand il a établi le système actuel de l'échelle alcoolique.

Le Gouvernement de Sa Majesté Très-Fidèle croit que si le Gouvernement de Sa Majesté Britannique voulait bien examiner la question en présence des faits allégués, il reconnaîtrait la justice de ses réclamations et tâcherait de lui donner opportunément une solution satisfaisante, et en tout cas cet examen aurait l'avantage de faire cesser un état de choses dont les inconvénients sont trop nombreux et évidents pour qu'il croie nécessaire d'y insister.

Les Plénipotentiaires de Sa Majesté Très-Fidèle prient donc Lord Granville de charger un fonctionnaire de sa confiance d'examiner la question en présence de tous les renseignements nécessaires pour en pouvoir former un jugement en parfaite connaissance de cause. Si de cet examen il résulte que le système actuel de l'échelle alcoolique est absolument juste et nécessaire qu'il ne peut être altéré sans de graves inconvénients, le Gouvernement de Sa Majesté Très-Fidèle désistera de toute sollicitation à cet égard et garantira à la Grande Bretagne le traitement de la nation la plus favorisée sans conditions, afin qu'elle puisse jouir immédiatement de toutes les concessions que le Portugal soit forcé à faire à d'autres nations pour y élargir les marchés à son principal article d'exportation, puisque les marchés Anglais, sous un tel régime, lui seront, sinon complètement fermés, du moins strictement limités aux qualités supérieures.

Mais si au contraire il résultait de cet examen-là que les faits qu'on allégue sont incontestables, alors le Gouvernement de Sa Majesté Britannique ne pourrait avoir aucune difficulté à reconnaître en principe la justice de l'application aux vins Portugais du droit le plus favorable.

Les Plénipotentiaires de Sa Majesté Très Fidèle ne prétendent pas qu'on stipule dans le Traité une réforme déterminée du régime des vins, soit quant à la base ou au taux du droit, soit quant à la forme ou au temps de l'effectuer. En se réservant sa pleine liberté

fiscale, le Gouvernement de Sa Majesté Britannique peut choisir le système le plus convenable d'étendre l'application du même droit à tous les vins naturels, plus ou moins alcooliques :—

Soit reduisant successivement le droit plus élevé ;

Soit élevant successivement le limite pour le droit plus bas ;

Soit établissant à la fois un droit uniforme quel qu'en soit le taux.

Tous ce que les Plénipotentiaires de Sa Majesté Très-Fidèle demandent c'est que, si les faits qu'ils alléguent sont incontestables, et la justice de l'application du droit plus favorable aux vins Portugais une conséquence nécessaire, on déclare dans le texte du Traité dans un Article Additionnel, dans un Protocole, ou dans une Note Reversale que le Gouvernement de Sa Majesté Britannique tâchera de réaliser opportunément cette application.

Et cela les Plénipotentiaires Portugais le demandent :—

1. Parce que le système actuel de l'échelle alcoolique étant le principal obstacle à l'amélioration des relations commerciales entre les deux pays, et son altération une conséquence nécessaire du traitement de la nation la plus favorisée, un Traité dans lequel on ne stipulât rien à cet égard susciterait de graves objections.

2. Parce que le Gouvernement ce Sa Majesté Très Fidèle a besoin de savoir s'il peut compter que ce grand obstacle au développement des relations commerciales entre les deux pays sera écarté dans un avenir plus ou moins prochain, afin de préparer de son côté des réformes qui autrement seraient inexécutables ou ne produiraient les effets désirés, et arrêter définitivement sa politique commerciale.

3. Parce que une démonstration des bonnes dispositions du Gouvernement de Sa Majesté Britannique à améliorer les relations commerciales entre les deux pays serait très-convenable pour détruire certaines appréhensions qui existent aussi bien en Portugal qu'en Grande Bretagne et qui détournent les capitaux de la viticulture et du commerce des vins Portugais.

Le Gouvernement de Sa Majesté Très Fidèle a déjà présenté au Parlement un projet de Loi pour appliquer à la Grande Bretagne le bénéfice du régime conventionnel avec la France. Ce projet n'a pas été converti en Loi par des raisons qui ont été exposées au Gouvernement de Sa Majesté Britannique. Quel que soit le résultat des présentes négociations le Gouvernement de Sa Majesté Très Fidèle appliquera à la Grande Bretagne le dit bénéfice. Mais pour améliorer les relations commerciales entre les deux pays, il est indispensable, comme on l'a démontré déjà, de les placer sur le pied permanent d'une parfaite réciprocité dans le traitement de la nation la plus favorisée.

Il semble aux Plénipotentiaires de Sa Majesté que, placées dans les termes ci-dessus indiqués, les présentes négociations pourraient avoir une conclusion très facile et satisfaisante. Cependant, si Lord Granville pense que celle-ci n'est pas l'occasion plus opportune pour les conduire, en se conformant aux instructions de leur Gouvernement, ils proposent l'ajournement.

No. 16.

M. de Soares to Lord Tenterden.—(*Received July* 26.)

My Lord, *Londres, le* 25 *Juillet,* 1873.

JE crois que les négociations dans les termes où elles se trouvent, et que je résume dans le memorandam ci-joint, pourront être conclues dans une heure.

Je vous prie de solliciter de Lord Granville les mesures nécessaires pour les faire conclure sans qu'il soit indispensable de recourir plus tard à un Conseil de Ministres, que je pense se réunit très rarement dans les vacances Parlementaires.

Veuillez, &c.

(Signé) D. G. NOGUEIRA SOARES.

Inclosure in No. 16.

Memorandum.

LE projet de Traité de Commerce et Navigation entre le Portugal et la Grande Bretagne, présenté à Lord Granville par les Plénipotentiaires de Sa Majesté Très Fidèle, ne contient en général que des stipulations de la même nature de celles qui ont été acceptées par le Gouvernement de Sa Majesté Britannique en d'autres Traités récemment

conclus. Les seules stipulations spéciales sont celles concernant le régime de l'importation des vins et l'arbitrage (Articles III et XIV).

En ce qui concerne le régime des vins, tout ce que les Plénipotentiaires de Sa Majesté Très Fidèle demandent à présent, c'est que le Gouvernement de Sa Majesté Britannique fasse procéder à un examen impartial de la question et prenne opportunément la résolution que le résultat de cet examen montrera être la plus juste. Les Plénipotentiaires de Sa Majesté Très Fidèle ne croient pas que cette demande puisse être absolument refusée, puisque ça impliquerait un déni de la justice que le Gouvernement Britannique n'a cessé d'affirmer comme la règle suprême des relations internationales. Mais si on pensait que ce n'était pas le moment opportun pour procéder à cet examen-là, les Plénipotentiaires de Sa Majesté Très Fidèle se contenteraient de que le Gouvernement de Sa Majesté Britannique déclarât, dans un Protocole ou dans une note échangée à l'occasion de la signature du Traité, qu'il fera procéder au dit examen, et que si on vérifie que l'alcoolisation est essentielle aux vins Portugais pour garantir sa valeur vénale, il tachera d'appliquer opportunément à ces vins le même droit qui est ou sera appliqué aux vins des pays plus favorisés à cet égard. Comme il a été démontré, cette application peut avoir lieu sans le moindre risque pour la recette provenant de l'Excise, et même sans affecter la recette provenant des droits sur les vins ; l'uniformité de droit pouvant être établi soit par la réduction successive du taux de 2*s.* 6*d.*, soit par l'augmentation du taux de 1*s.* quand le Gouvernement Britannique aura recouvrée sa pleine liberté fiscale. Il semble, donc, que la déclaration sollicitée ne peut pas rencontrer des objections de la part du Gouvernement de Sa Majesté Britannique.

La stipulation relative à l'arbitrage est tout-à-fait conforme aux idées et sentiments manifestés par le Gouvernement de Sa Majesté Britannique. Dans un discours récemment prononcé devant la Chambre élective, l'Honorable Président du Conseil, Mr. Gladstone, a dit :—" He was fully convinced that there was reserved for this country a great and honourable destiny in connection with this subject (' l'arbitrage internationale '). They must be content to proceed step by step ; they must, by degrees, make a character. . . . If progress was to be made in this direction, it was more likely to be made in ordinary times and under ordinary circumstances by beginning with particular countries. . . . The real duty which could fairly be imposed, and the performance of which could reasonably be expected from any Government of this country, was, that it should avail itself of every opportunity to bring to a peaceful issue differences between other States, or between this country and some other State."

En réponse au message proposé par Mr. H. Richard et approuvé par la Chambre, Sa Majesté Britannique a dit :—" I have at all times sought to extend, both by advice and by example, as occasion might occasion, the practice of closing controversies between nations by submission to the impartial judgment of friends, and to encourage the adoption of international rules intended for the equal benefit of all. I shall continue to pursue a similar course, with due regard to time and opportunity when it shall seem likely to be attended with advantage."

Pour élever l'arbitrage internationale à la hauteur d'une règle de droit des gens que toutes les nations doivent observer, aucun pas peut être plus décisif que la consécration solennelle de cette règle dans les Traités. Pour poser un grand et noble exemple devant le monde aucun Traité peut être mieux choisi qu'un Traité avec le Portugal. Pour encourager l'adoption d'une règle dont la justice et les avantages sont généralement reconnus, aucune occasion peut être plus opportune que la présente. Il est donc à croire que le Gouvernement de Sa Majesté Britannique acceptera la stipulation proposée, sauf la rédaction.

Dans ces termes les négociations peuvent être facilement et promptement conclues, et on prie Lord Granville de vouloir bien prendre les mesures nécessaries à cet effet.

No. 17.

M. de Soares to Earl Granville.—(*Received August* 8.)

My Lord, *Londres, le* 8 *Août*, 1873.

J'AI eu l'honneur d'exposer à votre Excellence verbalement et par écrit l'état des négociations d'un nouveau Traité de Commerce et de Navigation entre le Portugal et la Grande Bretagne.

Il me semblait que dans les termes où ces négociations se trouvaient, il serait facile de les amener à une conclusion satisfaisante. Toutefois si le Gouvernement de Sa Majesté

Britannique pensait que ce n'était pas le moment opportun pour les conclure, alors, d'accord avec le Maréchal Saldanha et en me conformant aux instructions du Gouvernement de Sa Majesté, je proposerai à votre Excellence l'ajournement.

Votre Excellence a bien voulu me dire que le sujet de mon exposition serait dûment considéré. Mais maintenant l'ajournement des négociations me semble une conséquence nécessaire des présentes circonstances. Et ainsi je prends congé de votre Excellence et je me retire à Lisbonne.

Le Gouvernement de Sa Majesté prendra les mesures nécessaires pour continuer les négociations quand le Gouvernement de Sa Majesté Britannique trouvera convenable de leur donner suite.

Je profite, &c.
(Signé) D. G. NOGUEIRA DE SOARES.

No. 18.

Earl Granville to M. de Soares.

Sir, *Foreign Office, August* 11, 1873.

I HAVE the honour to acknowledge the receipt of your note of the 8th instant, announcing the adjournment of the negotiations for a Commercial Treaty between Great Britain and Portugal, and your consequent return to Lisbon; and in expressing to you my thanks for this communication, I am, &c.

(Signed) GRANVILLE.

No. 19.

Earl Granville to Mr. Doria.

Sir, *Foreign Office, August* 12, 1873.

I INCLOSE, for your information, a copy of a note from M. de Soares,* announcing the adjournment of the negotiations for a Commercial Treaty between Great Britain and Portugal, and his consequent return to Lisbon.

I am, &c.
(For Earl Granville),
(Signed) TENTERDEN.

No. 20.

Sir C. Murray to the Earl of Derby.—(Received March 5.)

My Lord, *Lisbon, February* 25, 1874.

A DEBATE took place in the Chamber of Deputies on the 21st instant which, in view of the proposed negotiations for a Commercial Treaty with Great Britain, is of some interest.

Senhor Bento, a late Minister in the Cabinet of Marquis d'Avila, renewed a proposal which had been made when he was a member of the Government, that the provisions of the Conventional Tariff contained in the Commercial Treaty between France and Portugal in 1866, should be generalized and applied to other nations. He pointed out that the other Commercial Treaties which had since been concluded by Portugal were not open to the same objection as the one mentioned, inasmuch as by it the action and freedom of the Government in respect to Tariff were shackled, and he expressed regret that the more liberal principles initiated by Great Britain in her Treaty with France of 1860 could not be made general.

He admitted that in the Anglo-French Treaty the provisions with regard to wines constituted a differential duty, and that Portuguese wines, owing to their greater alcoholic properties, were placed at a disadvantage of 150 per cent., but he pointed out that the consumption of Spanish wines, which suffered the same disadvantage, was greatly increasing in the English market.

* No. 17.

Senhor Bento laid great stress on the importance of commercial relations with England, as well as on the importance of persuading British Statesmen to generalize the principles of the Anglo-French Commercial Treaty.

The Minister of Foreign Affairs, in reply, pointed out that the object of Senhor Bento's proposal was to extend to all other nations who trade with Portugal the most-favoured-nation clause contained in the Conventional Tariff in the Treaties recently concluded, and added that Senhor Bento, in his proposal, had only anticipated one that it was the intention of the Government itself to make at the moment when it should consider public opinion, within and without the country, sufficiently alive to its undoubted importance to the commercial interests of the nation.

I have, &c.
(Signed) CH. A. MURRAY.

No. 21.

Sir C. Murray to the Earl of Derby.—(Received March 5.)

My Lord, *Lisbon, February 26, 1874.*

I HAVE the honour to forward to your Lordship copies of documents printed by order of the Government and presented to the Portuguese Chambers.

I have, &c.
(Signed) CH. A MURRAY.

Inclosure in No. 21.

Extracts from the Reports of Portuguese Consuls to their Government concerning Trade, 1873.

(Translation.)

THE Consul-General at Bristol writes (page 168), under the item "Wines":—

"From what I have stated in my former Reports, your Excellency will have observed that I do not agree with the opinion of those who attribute to the alcoholic scale alone the actual state of the consumption of Portuguese wines. I think there are other reasons, which I have already submitted to the consideration of Her Majesty's Government; though I should be the first to acknowledge that it is perfectly just, and for the interest of Portugal, that our wines should not continue to be charged with a differential duty in Great Britain, such as the famous alcoholic scale imposes on them, which was invented, as it seems to me, to favour the wines of France, and because without it England would not, perhaps, have concluded her Treaty with that Power.

"And, to corroborate this my opinion, let me be allowed to state, not to your Excellency, who knows it better than I do, but to those who are still ignorant of it in Portugal, what are the duties which the wines of all countries pay at the British Custom-houses. I find those duties in the catalogue of wines of W. A. Gilbey, a firm well known in Portugal. They say that the wines which pay 1*s.* a gallon are—Claret, Burgundy, Hermitage, Sauterne, Hock, Moselle, sparkling wines, red Hungarian, white Hungarian. And those which pay 2*s.* 6*d.* a gallon are—Sherry, Spanish Port, Muscatel, Paxarete, Port, Bucellas, Lisbon, Rousillon, Cape Port, Cape Sherry, sweet wines, Marsala, Madeira, Hamburg Sherry.

"And notwithstanding this statement of the said W. A. Gilbey, I will add, on my own part, that I am not aware, up to the present, that any, except a very small quantity, of a wine produced at a village near Seville, and which pays 1*s.* a gallon by the alcoholic scale, now comes to the British markets. No one gets this wine at present in London and Liverpool, where it was sent, because it easily gets mildewed and turns sour. Considering this, then, it appears to me that the present state of the market for Portuguese wines is not owing to the alcoholic scale only, because the wines of Spain and Sicily pay the same duties, and their consumption increases every year, while that of the Portuguese wines remains stationary.

"Permit me to call your Excellency's attention again to the exportation of elder-berries from Portugal to France and Spain. With these the Spaniards and French imitate the Portuguese wines to the great prejudice of our vineyard agriculture; and the more so, as my colleague at Barcelona says, in his Report of February 1871, that Portugal exports elder-berries for that market only; adding, moreover, that they are intended for the

preparation of wines for embarkation. I leave the decision of this to the high wisdom of His Majesty's Government.

"Mr. T. G. Shaw tells me that the consumption of Spanish wines in Great Britain amounted in the year 1871 to 6,558,931 gallons, therefore exceeding that of Portuguese wines by 3,363,379 gallons; and, if that calculation be accurate, it really is not very encouraging for our wine trade. For this reason I must remind our wine-growers and merchants that formerly only large wine merchants and bottlers were known in this country, whereas now every victualler and publican has wine in bottle for sale; that formerly no such wines as those now called Tarragona, Spanish port, Roussillon, French port, Cape port, were known, still less the decanted wines of Lubeck and Hamburg; and on this account, and because wine is our principal article of exportation, I would not cease to recommend to our agriculturists that they should attend with all care and diligence to the manufacture of their wines; to the merchants, that they should be cautious in fixing the value, so that they may be able to meet the competition of the wines of other countries; and to the exporters, that they should remember that formerly their number might be reckoned on the fingers in the city of Oporto, so few were the Portuguese commercial houses which exported wine to England, whereas now all are exporters. Let them, then, relinquish this hazardous enterprise, and confine themselves to the preparation of good wines, and to selling them in the market of the said city to the large and real exporters, whose well-known marks give them credit in the British markets."

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"*Cork* (p. 171).—The importation during the twelve months has been larger than that of the preceding year, but is still far below the requirements of my district.

* * * * *

"As manual labour is certainly cheaper in Portugal than in this country, would it not be better to send the cork cut into stoppers rather than in bulk? I think so; and, therefore, I will forward at the first opportunity a case of the sizes mostly used, as patterns for our manufacturers."

The Consul at Liverpool writes (p. 187):—

"*Wines.*—In this, the most important branch of our commerce with England, the importation was larger than in the preceding year, and it has a tendency to increase, if our exporters would have the good sense to abstain from adulteration, and if we could obtain from the English Government the equalization of the duties with those charged upon the wines coming from elsewhere, as justice, and even the opinion of the country, require.

"By experience, which has cost them not a little, our exporters already know how much it concerns them not to adulterate their wines, nor to conceal their origin; for, though the falsification may afford them a momentary profit, in selling as genuine wines those which are not so, such profit will soon be destroyed, and great damage will be done by the discredit which their wines incur.

"Let them export all kinds of wine; not attempting to make them pass for what they are not, but stating their real origin and value; for those which do not please by the excellence of their quality, will please by their moderate price, and the fine qualities will preserve their credit intact."

The Consul-General in London says (p. 209):—

"I have read with attention the excellent paper published here, "A Few Remarks on the Present State of the Commercial Relations of England with Portugal," &c., and it is my humble opinion, as I have already said in my last year's Report, that the great question for our wines is the reduction of the enormous duties with which they are burdened in this market. Wine is our principal article of exportation to this kingdom, and this is our chief market. I have before me the results which France has obtained since the conclusion of the Treaty of 1860 with England. Portugal, in my humble opinion, ought not to lose a single moment in proposing the negotiation of a Commercial Treaty with England, one of the conditions being that the English Government should consent to a reduction of the existing duties of 2*s.* 6*d.* to 1*s.* 6*d.* a gallon, which would satisfy our Government and the wine-growers of Portugal; with an explicit clause that, if the revenue of the British Treasury be diminished by the proposed reduction, on the recovery of the loss by the increase of consumption the British Government should engage to propose a further reduction to 1*s.* a gallon. In this way the Portuguese wines would be equalized in this country with the wines of France and other countries."

No. 22.

Sir C. Murray to the Earl of Derby.—(Received March 7.)

My Lord, *Lisbon, February 28, 1874.*

I HAVE the honour to transmit herewith to your Lordship a copy of the text, in French and Portuguese, of a Commercial Treaty between Belgium and Portugal, signed at Lisbon on the 23rd instant.

This Treaty has not yet been ratified.

I have, &c.
(Signed) CH. A. MURRAY.

Inclosure in No. 22.

Treaty of Commerce between Portugal and Belgium, signed at Lisbon February 23. 1874.

SA Majesté le Roi de Portugal et des Algarves, et Sa Majesté le Roi des Belges, animés d'un égal désir de contribuer au développement des relations commerciales entre leurs Etats, ont résolu de conclure une Convention à cet effet, et ont nommé pour leurs Plénipotentiaires, à savoir :

Sa Majesté le Roi de Portugal et des Algarves le Vicomte de Chancelleiros, Pair du Royaume, Ministre et Secrétaire d'Etat Honoraire, Grand Cordon de l'Ordre de la Rose du Brésil, &c. ;

Sa Majesté le Roi des Belges le Baron Auguste d'Anethan, Officier de son Ordre de Léopold, Grand Cordon de l'Ordre du Christ, Commandeur de nombre de l'Ordre d'Isabella la Catholique d'Espagne, décoré de l'Ordre du Lion et du Soleil de troisième classe, Officier des Ordres de la Légion d'Honneur et des Saints Maurice et Lazare, décoré de l'Ordre de Medjidié de quatrième classe, Chevalier des Ordres de Léopold d'Autriche, de Saint Joseph et du Lion Néerlandais, son Envoyé Extraordinaire et Ministre Plénipotentiaire près Sa Majesté Très Fidèle ;

Lesquels, après s'être communiqué leurs pleins pouvoirs, trouvés en bonne et due forme, sont convenus des Articles suivants :—

ARTICLE I.

Il y aura entre le Royaume de Portugal et ses possessions et colonies et la Belgique liberté réciproque de commerce et de navigation, et les sujets de chacune des Hautes Parties Contractantes jouiront, dans toute l'étendue des territoires de l'autre, des mêmes facilités, sécurité et protection dont jouissent ou jouiront par la suite les sujets de la nation étrangère la plus favorisée.

Les Portugais en Belgique et les Belges dans le Royaume de Portugal et ses possessions et colonies, soit qu'ils y résident temporairement, soit qu'ils s'y établissent, y jouiront, relativement à l'exercice du commerce et des industries, des mêmes droits et n'y seront soumis à aucune imposition plus élevée ou autre que les nationaux.

ARTICLE II.

Les Hautes Parties Contractantes déclarent reconnaître mutuellement à toutes les compagnies et autres associations commerciales, industrielles ou financières, constituées et autorisées suivant les lois particulières à l'un des deux pays, la faculté d'exercer tous leurs droits et d'ester en justice devant les tribunaux, soit pour intenter une action, soit pour y défendre dans toute l'étendue des états et possessions de l'autre puissance, sans autre condition que de se conformer aux lois des dits états et possessions.

Il est entendu que la disposition qui précède s'applique aussi bien aux compagnies et associations constituées et autorisées antérieurement à la signature du présent Traité qu'à celles qui le seraient ultérieurement.

ARTICLE III.

Seront considérés comme Portugais en Belgique et comme Belges en Portugal les navires qui navigueront sous les pavillons respectifs et qui seront porteurs des papiers de bord et des documents exigés par les lois de chacun des deux états pour la justification de la nationalité des bâtiments de commerce.

ARTICLE IV.

Les navires Portugais, chargés ou non, ainsi que leur cargaison en Belgique, et les navires Belges, chargés ou non, ainsi que leur cargaison dans les états Portugais, à leur arrivée d'un port quelconque et quel que soit le lieu d'origine ou de destination de leur cargaison, jouiront sous tous les rapports à l'entrée, pendant leur séjour et à la sortie, du même traitement que les navires nationaux et leurs cargaisons.

ARTICLE V.

Les produits du sol et de l'industrie du Portugal et de ses possessions et colonies qui seront importés en Belgique, et les produits du sol et de l'industrie de la Belgique qui seront importés dans le Portugal et ses possessions et colonies, destinés soit à la consommation soit à l'entreposage, soit à la ré-exportation, soit au transit, seront soumis au même traitement et nommément ne seront passibles de droits ni plus élevés ni autres que les produits de la nation la plus favorisée, importé dans les mêmes conditions.

ARTICLE VI.

Les droits d'accise et de douane établis en Belgique sur les vins d'origine Portugaise ne dépasseront pas, pendant la durée du présent Traité, les droits établis sur les vins des autres pays les plus favorisés sous ce rapport.

Les vins contenant plus de 18 pour cent de alcool seront néanmoins considérés comme vins et acquitteront, outre le droit d'entrée de 50 cents l'hectolitre et le droit d'accise de 22 fr. 50 c. l'hectolitre, le droit afférent à l'alcool en raison de la quantité excédante 18 pour cent.

Cette limite de 18 pour cent restera fixée à 21 pour cent aussi longtemps qu'elle n'aura pas été rendue applicable aux vins des autres pays avec lesquels la Belgique a conclus des arrangements commerciaux.

ARTICLE VII.

A l'exportation vers le Portugal, ses possessions et colonies, il ne sera perçu en Belgique, et à l'exportation vers la Belgique il ne sera perçu dans le Portugal et ses possessions et ses colonies, d'autres ni plus hauts droits de sortie qu'à l'exportation des mêmes objets vers le pays le plus favorisé à cet égard.

ARTICLE VIII.

Les marchandises de toute nature, venant de l'un ces deux territoires ou y allant, seront réciproquement exemptes dans l'autre de tout droit de transit, sans préjudice des mesures spéciales que les deux pays se réservent d'établir dans un but sanitaire ou en vue d'évènements de guerre.

ARTICLE IX.

Toute faveur, toute immunité, toute réduction du tarif des droits d'entrée et de sortie que l'une des Hautes Parties Contractantes accordera à une tierce puissance sera immédiatement étendue à l'autre.

De plus aucune des Parties Contractantes ne soumettra l'autre à une prohibition d'importation ou d'exportation qui ne serait pas appliquée en même temps à toutes les autres nations, sauf les mesures spéciales que les deux pays se réservent d'établir dans un but sanitaire ou en vue d'évènements de guerre.

Toutefois il est fait réserve, au profit du Portugal, du droit de concéder au Brésil seulement des avantages particuliers qui ne pourront pas être réclamés par la Belgique comme une conséquence de son droit au traitement de la nation la plus favorisée.

ARTICLE X.

Seront complètement affranchis des droits de tonnage et d'expédition dans les ports respectifs :—

1. Les navires qui entrés sur lest de quelque lieu que ce soit en ressortiront sur lest ;
2. Les navires qui passant d'un port de l'un des deux Etats dans un ou plusieurs ports du même Etat, soit pour y déposer toute ou partie de leur cargaison, soit pour y composer ou compléter leur chargement, justifieront avoir acquitté ces droits ;
3. Les navires qui entrés avec chargement dans un port soit volontairement, soit en relâche forcée, en sortiront sans avoir fait aucune opération de commerce.

Ne seront pas considérés, en cas de relâche forcée comme opérations de commerce, le débarquement et le rechargement des marchandises pour la réparation du navire, le transbordement sur un autre navire, en cas d'innavigabilité du premier, les dépenses nécessaires au ravitaillement des équipages et la vente des marchandises avariées, lorsque l'Administration des Douanes en aura donné l'autorisation.

ARTICLE XI.

Les navires Portugais entrant dans un port de Belgique, et, réciproquement, les navires Belges entrant dans un port Portugais, et qui n'y viendraient débarquer qu'une partie de leur cargaison, pourront, en se conformant toutefois aux lois et aux règlements des Etats respectifs, conserver à bord la partie de la cargaison qui serait destinée à un autre port, soit du même pays, soit d'un autre, et la réexporter sans être astreints à payer, pour cette dernière partie de leur cargaison, aucun droit de douane, sauf ceux de surveillance, lesquels d'ailleurs ne pourront mutuellement être perçus qu'au taux fixé pour la navigation nationale.

ARTICLE XII.

Il pourra être établi des Consuls et des Vice-Consuls de chacun des deux pays dans l'autre pour la protection du commerce. Ces agents n'entreront en fonctions et en jouissance des droits, priviléges et immunités qui leur reviendront, qu'après en avoir obtenu l'autorisation du Gouvernement territorial; celui-ci conservera d'ailleurs le droit de déterminer les résidences où il ne conviendra pas d'admettre les Consuls, bien attendu que sous ce rapport les deux Gouvernements ne s'opposeront respectivement aucune restriction qui ne soit commune dans leur pays à toutes les nations.

ARTICLE XIII.

Les Consuls respectifs pourront faire renvoyer, soit à bord, soit dans leur pays respectif, les matelots qui auraient déserté les bâtiments de leur nation dans un des ports de l'autre. A cet effet ils s'adresseront par écrit aux autorités locales compétentes, et justifieront par l'exhibition, en original ou en copie dûment certifiée, des registres du bâtiment ou du rôle d'équipage ou par d'autres documents officiels que les individus qu'ils réclament faisaient partie du dit équipage; sur cette demande, ainsi justifiée, la remise ne pourra leur être refusée. Il leur sera donnée toute aide pour la recherche et l'arrestation des dits déserteurs, qui seront même détenus et gardés dans les maisons d'arrêt du pays, à la réquisition et aux frais des Consuls, jusqu'à ce que ces agents aient trouvé une occasion de les faire partir.

Si pourtant cette occasion ne se présentait pas dans un délai de deux mois, à compter du jour de l'arrestation, les déserteurs seraient mis en liberté et ne pourront plus être arrêtés pour la même cause. Il est entendu que les marins, sujets de l'autre partie, seront exceptés de la présente disposition, à moins qu'ils ne soient naturalisés citoyens de l'autre pays.

Si le déserteur avait commis quelque délit à terre, son extradition pourrait être différée jusqu'à ce que le tribunal qui a droit d'en connaître ait rendu son jugement et que celui-ci ait eu son effet.

ARTICLE XIV.

Lorsqu'un navire appartenant aux citoyens du pays de l'une ou de l'autre des Parties Contractantes fera naufrage, échouera ou suffrira quelque avarie sur les côtes ou dans les domaines de l'autre Partie Contractante, celle-ci lui donnera toute assistance et protection comme aux navires de sa propre nation; lui permettant de décharger, en cas de besoin, ses marchandises sans exiger aucun droit ni impôt, ni contribution quelconque jusqu'à ce que ces marchandises puissent être exportées, à moins qu'elles ne soient livrées à la consommation intérieure.

Ce navire en toutes ses parties ou débris, et tous les objets qui y appartiendront, ainsi que tous les effets et marchandises qui auront été sauvées ou le produit de leur vente, s'ils sont vendus, seront fidèlement rendus aux propriétaires, sur leur réclamation ou sur celle de leurs agents à ce dûment autorisés, et dans le cas où il n'y aurait pas de propriétaire ou d'agents sur les lieux, les dits effets ou marchandises ou le produit de la vente qui en serait faite, ainsi que tous les papiers trouvés à bord du vaisseau naufragé, seront remis au Consul Portugais ou Belge dans l'arrondissement duquel le naufrage aura eu lieu; et le Consul, les propriétaires, ou les agents précités n'auront à payer que les dépenses faites pour la conservation de ces objets.

ARTICLE XV.

Le présent Traité sera en vigueur pendant dix années à compter du dixième jour après l'échange des ratifications, et si un an avant l'expiration de ce terme ni l'une ni l'autre des deux Parties Contractantes n'annonce, par une déclaration officielle, son intention d'en faire cesser les effets, le dit Traité restera encore obligatoire pendant une année, pour les deux Parties, et ainsi de suite jusqu'à l'expiration des douze mois qui suivront la déclaration officielle en question, à quelque époque qu'elle ait lieu.

ARTICLE XVI.

Le présent Traité sera ratifié par Sa Majesté le Roi de Portugal et des Algarves et par Sa Majesté le Roi des Belges, et les ratifications en seront échangées à Lisbonne dans le plus court délai possible.

En foi de quoi les Plénipotentiaires respectifs ont signé le présent Traité et y ont apposé le cachet de leurs armes.

Fait à Lisbonne en double original, le 23 Février, 1874.

(L.S.) (Signé) BARON D'ANETHAN.
(L.S.) VISCONDE DE CHANCELLEIROS.

No. 23.

The Earl of Derby to Sir C. Murray.

Sir, *Foreign Office, March* 9, 1874.

I HAVE received your despatch of the 28th ultimo, transmitting a copy of a Commercial Treaty just signed at Lisbon, between the Belgian and Portuguese Governments.

I have to request that you will inform me whether, in your opinion, this Treaty will in any and what way affect British interests.

I am, &c.
(Signed) DERBY.

No. 24.

The Earl of Derby to Sir C. Murray.

Sir, *Foreign Office, March* 9, 1874.

I HAVE received your despatch of the 25th ultimo, relative to the debate in the Portuguese Chamber of Deputies on the commercial relations between Portugal and other nations.

I have to request that you will inform me whether you have any reason to believe that the Portuguese Government intend to amend their tariff as regards British goods.

I am, &c.
(Signed) DERBY.

No. 25.

Sir C. Murray to the Earl of Derby.—(Received March 14.)

(Extract.) *Lisbon, March* 4, 1874.

I HAD the honour of forwarding to your Lordship, in my despatch of the 28th ultimo, a copy of the Commercial Treaty which has just been signed between Portugal and Belgium, and beg to call your Lordship's attention to Article VI, by which it will be seen that considerable advantages have been accorded to the Portuguese wine trade.

By the inclosed copy and translation of an address to the Chamber of Deputies, proposing the ratification of this Treaty, your Lordship will observe that difficulties resulting from the alcoholic scale established in Belgium, for the security of the revenue, and somewhat similar to those which presented themselves during the negotiations between Great Britain and Portugal, interrupted for a time the negotiations; but that a proposition on the part of the Belgian Government tending to the establishment of a

uniform duty upon all wines containing as far as 18 degrees of absolute alcohol, and upon each degree over and above that, an additional rate corresponding to the hundredth part of the duty on alcohol of 100 degrees, ultimately resulted in the VIth Article being inserted in the Treaty in its present form.

In view of the contemplated construction of railways in various parts of Portugal, I should also call your Lordship's attention to the advantages now accorded (under the most-favoured-nation clause of this Treaty) to Belgian iron. A reference to the Table in which the Portuguese general Tariff, and the Franco-Portuguese Tariff were compared, will show how important these advantages are. (See Lord Stanley's despatch of the 8th of April, 1868.)

Now that another lightly-weighted competitor is added to the list of those who are gradually, though slowly, driving British merchandize from the Portuguese markets, I feel that it is an opportune moment to call your Lordship's attention, as I have done that of your predecessor to the state of commercial relations between Great Britain and this country.

In a note dated October 26, 1871, addressed by M. de Corvo, then Minister of Foreign Affairs to the Duke de Saldanha, his Excellency, while declaring that it was the desire of Portugal to negotiate a Treaty with England, offering her advantages which had not been offered to any other country, and asking, in compensation, the reduction of the alcoholic scale, added that, if the British Government maintained what he designated as "an unjustifiable differential system," and an obstacle to the development of Anglo-Portuguese Commercial relations, His Majesty's Government would endeavour to enlarge the markets for the principal articles of Portuguese trade in other countries, even if it were found indispensable to make to those countries concessions which they could not extend immediately to Great Britain.

Your Lordship is aware that those intentions have since been successfully carried out.

In the course of the years 1872-73, Commercial Treaties containing the most-favoured-nation clause have been ratified with Austria, Germany, and Italy, and Belgium will now also compete with Great Britain in the Portuguese markets.

Your Lordship is aware that the negotiations for a Commercial Treaty with Great Britain were prosecuted by Portugal in 1866-67, that they were interrupted in 1868, renewed in 1869, and carried on through the succeeding years, and that, finally, in a Memorandum communicated to Lord Granville on April 1, last year, by M. Nogueira Soares, the Head of the Commercial Department in the Foreign Office, the condition of the negotiations was recapitulated, and a fresh Article was proposed by the Portuguese Government in substitution of Article III, which, owing to fiscal reasons, had not been found acceptable. However, on the 8th of August, the Portuguese negotiator, in a note addressed to Earl Granville, declared that, under the existing circumstances, the moment appearing an inopportune one for continuing the discussions, he proposed returning to Lisbon.

It is evident from the circumstances detailed in my despatch to your Lordship of the 25th February, that there is a strong disposition in Portugal to give Great Britain the benefit of the most-favoured-nation clause, if the British Government find themselves able to consent to a modification of the alcoholic test system, which places genuine Portuguese wines at a disadvantage of 150 per cent. as compared with French wines.

There is no doubt that the Portuguese Government uphold their interpretation of Article IV of the Treaty of 1842, and their right (by the conclusion of Commercial Treaties with other Powers) to expose, consequently, British merchandize to differential treatment, alleging that the favours granted to such other States are accorded, not gratuitously, but in reciprocity for special concessions made by those States.

Inclosure in No. 25.

Extract from the "Diario do Governo" of February 28, 1874.

(Translation.)

IN virtue of a Resolution of the Chamber of Deputies publication is made of the following Project of Law :—

"Gentlemen,

"From the documents which were laid before you some time ago you are aware of the circumstances under which the negotiations for a Commercial Treaty between Portugal and Belgium were interrupted.

"In accordance with the regulations in force in Belgium for the importation of spirits, wine containing more than 21 degrees of absolute alcohol, or 36 degrees of proof spirit, was liable to the payment of duty corresponding to the alcohol.

"A great number of our exportable wines, and especially those of Oporto, contain more than 21 degrees of absolute alcohol, and were, in consequence, liable to the payment of a duty which, owing to its high rate, and to its deeply differential character with respect to the corresponding duty on wines of other competing countries, and containing less than 21 degrees, became absolutely prohibitory.

"Under these circumstances His Majesty's Government was of opinion that it ought not to conclude the negotiations which had been set on foot without obtaining a modification of the regulation above referred to: At first it proposed that the limit of 21 degrees should be raised to 25 degrees, or at least to 24 degrees, in order to include all Portuguese wines; but the Belgian Government did not think it in its power to accept this proposal.

"Recently, the Belgian Government stated that the increase of the duty on alcohol compelled it to reduce the limit from 21 to 18 degrees, in order to guarantee the revenue derived from the consumption duty called excise against the risk of illicit distillation, to which it would otherwise be liable; but at the same time proposed a combination, which consisted in establishing a uniform duty upon all wines containing as far as 18 degrees of absolute alcohol, and upon each degree over and above that an additional rate corresponding to the hundredth part of the duty on alcohol of 100 degrees.

"The Government thought proper to pursue the negotiations upon this basis, endeavouring, at the same time, to modify it, with the view of favouring the commercial interests of this country as much as possible, and to this effect instructions were given to His Majesty's Plenipotentiary, Viscount de Chancelleiros, to whose zeal and wisdom it is unnecessary for me to bear witness before you.

"In the VIth Article of the Treaty you will find the result of the agreement at which the two Plenipotentiaries arrived; and on comparing the new fiscal régime with the former one, you will discover the undeniable advantages which will thence accrue to our wine trade.

"The other stipulations of the Treaty are entirely in accordance with our Treaty legislation.

"I have the honour, therefore, to submit to your approval the following Project of Law:—

"Article 1. The Commercial Treaty between Portugal and Belgium, concluded and signed by the respective Plenipotentiaries on the 23rd of February, 1874, is approved, with a view to its ratification by the Executive Power.

"Article 2. All legislation to the contrary is hereby revoked.

"*Foreign Department, Lisbon, February* 24, 1874.

(Signed) "JOAO DE ANDRADE CORVO."

No. 26.

Mr. Lumley to the Earl of Derby.—(*Received March* 23.)

My Lord, *Brussels, March* 22, 1874.

I HAVE the honour to inclose copy of a Bill to sanction the Treaty of Commerce between between Belgium and Portugal, which was signed on the 23rd February last, together with Count Lynden's explanations, with which it was submitted to the Chamber of Representatives on the 13th instant.

This Treaty will put an end to the exceptional commercial relations which have existed between Belgium and Portugal, the only country with which Belgium was not on a footing of the most favoured nation.

By the IInd Article of the Provisional Convention of June 8, 1863, Belgium had been placed on a footing of reciprocity with Portugal, which, however, ceased on the conclusion of the Commercial Treaty of the 11th July, 1866, by which France obtained from Portugal, exclusively for her own benefit, a reduction of duties on articles in which Belgium was likewise interested.

Numerous notes were exchanged between the two Governments with the view of re-establishing the footing of reciprocity between the two countries; but no understanding could be come to, in consequence of the demands of the Portuguese Government for a tarification of Portuguese wines, which this Government could not concede without prejudice to the Belgian Treasury.

By the arrangement now come to Portuguese wines will be admitted into Belgium on

payment of the duties levied on wines of the most favoured nation; but when containing more than 18 per cent. of alcohol, although they will be admitted as wines paying an entrance duty of 50 c. per hectolitre, they will have to pay in addition an excise duty of 22 fr. 50 c. per hectolitre, as the duty on alcohol over and above 18 per cent.

As the inclosed Parliamentary document will only be distributed to-morrow, I will forward other copies by post.

I have, &c.
(Signed) J. SAVILE LUMLEY.

No. 27.

The Earl of Derby to Sir C. Murray.

Sir. *Foreign Office, March* 24, 1874.

I TRANSMIT herewith, for your information, a copy of a despatch from Her Majesty's Minister at Brussels, relative to the Commercial Treaty lately signed between Belgium and Portugal.*

I am, &c.
(Signed) DERBY.

No. 28.

Sir C. Murray to the Earl of Derby.—(Received April 3.)

My Lord, *Lisbon, March* 23, 1874.

I HAVE the honour to acknowledge the receipt of your Lordship's despatches of the 9th instant.

In my despatch of the 4th instant, which must have crossed your Lordship's despatches, I have already replied, at least partially, as to the manner in which British interests will be affected by the Belgo-Portuguese Treaty just signed.

With respect to the instruction conveyed to me in your Lordship's second despatch of the 9th instant, I shall take an early opportunity of inquiring from the Portuguese Government whether it intends to amend the Portuguese Tariff as regards British goods.

I have, &c.
(Signed) CH. A. MURRAY.

No. 29.

Sir C. Murray to the Earl of Derby.—(Received April 5.)

My Lord, *Lisbon, March* 28, 1874.

WITH reference to my telegram of the 25th instant, I have the honour to inform your Lordship that the Minister of Foreign Affairs laid before the Chamber of Deputies yesterday the following project of law :—

"Authorising the Government to apply to Great Britain and other countries in which Portuguese products enjoy the treatment of the most-favoured-nation, the benefit of Tariff B annexed to the Treaty of 1866, concluded between Portugal and France."

I have, &c.
(Signed) CH. A. MURRAY.

No. 30.

Sir C. Murray to the Earl of Derby.—(Received April 5.)

My Lord, *Lisbon, March* 30, 1874.

WITH reference to my despatch of the 28th instant, I have the honour to inclose herewith translation of a Project of Law and Report of the Minister of Foreign Affairs, presented to the Chamber of Deputies for extending Tariff (B), annexed to the Treaty of

* No. 24.

the 11th July, of 1866, between Portugal and France to Great Britain, and other nations where Portuguese products enjoy the treatment of the most-favoured-nation.

I have, &c.

(Signed) CH. A. MURRAY.

Inclosure in No. 30.

Extract from the "Diario do Governo" of March 28, 1874.

Project of Law, No. 91 B.

(Translation.)

Gentlemen,

THE Treaties of Commerce previous to the year 1860 were in general based upon a most-favoured-nation treatment, which was conditional or dependent upon compensations.

The Treaty concluded on the 23rd of that year between Great Britain and France, by the establishment of new bases, effected a thorough alteration of the Conventional law, and of the commercial system of Europe. By the side of a general régime, which was partly prohibitory and partly highly protective, France established a Conventional régime which was exceedingly liberal. In this manner those nations that wished or required to enjoy the advantage of this régime were naturally compelled to enter into negotiations with France, and to offer her compensations.

Several of our exports were liable in France to slightly differential duties in comparison with similar products of other nations. In consequence of the just complaints on the part of the agricultural and commercial interests, His Majesty's Government commenced negotiations with the French Government, and concluded the Treaty of the 11th of July, 1866. But at this time, other nations had already concluded Commercial Treaties with France upon the new basis of mutual reductions in the Customs dues, and also requiring compensation in return for the granting of the advantages derived from their respective Treaty Tariffs.

Under these circumstances, it was necessary that we should follow the same system, by maintaining the advantage of the Conventional régime, and by only applying it to those countries which offered us compensations. At present, however, when by means of the Treaties which have been laid before you, we have secured the most-favoured-nation treatment in those countries in which Portuguese products did not enjoy it, we are able to give up this system without inconvenience.

It is true that our chief article of exportation is still subject in Great Britain to a duty which, although according to the letter of the law, and to the intentions of the legislator, ought to be general and equal for all similar products, irrespective of their origin, does nevertheless exercise the fatal influence of a differential régime upon the international trade. In virtue of a law of public economy, which no one has the power to alter, exportation has a tendency to keep a due proportion to importation, so that what restricts the one will necessarily restrict the other, and, *vice versâ*, what affords facilities to the one will necessarily facilitate the other. The said régime, by restricting the importation of the article which is best adapted to foster our trade with Great Britain, is doubtless an obstacle to the improvement of the commercial relations between the two countries. With a view to its removal, His Majesty's Government commenced, in 1866, with that of Her Britannic Majesty, negotiations for a Commercial Treaty, which, on the basis of mutual concessions, was intended to facilitate both the importation and the exportation. You are acquainted with the history of these negotiations up to 1870, and in due time the subsequent documents will be laid before you. Negotiations of this nature are liable to delays which the best will on the part of Governments is unable to shorten. However, by facilitating at once the importation from Great Britain into Portugal, we ought to hope that Her Britannic Majesty's Government will, on their part, do as much as possible in order to remove the obstacles which hinder the improvement of the commercial relations between the two countries.

From an economical and fiscal point of view, the application of the advantages derived from the Conventional Tariff to Great Britain and to other countries which do not yet enjoy them, is attended with no inconvenience, but rather with advantages; it does not alter the actual conditions of the competition between foreign products and the same products of this country, and, moreover, it facilitates the clearance of merchandize in the Custom-houses.

For the purpose of securing these advantages, our illustrious predecessors, the Marquis

d'Avila and Senhor Carlos Bento da Silva, laid before you in August 1871 a proposal identic to that which we now have the honour to submit to your consideration, and which we trust will meet with your approval.

Project of Law.

Article 1. The Government is hereby authorized to extend to Great Britain and to all countries where Portuguese products enjoy the most-favoured-nation treatment, the advantages contained in Tariff B annexed to the Treaty of 11th of July, 1866, between Portugal and France.

Art. 2. All legislation to the contrary is hereby revoked.

(Signed) JOAO DE ANDRADE CORVO.

Foreign Department, Lisbon, December 31, 1873.

No. 31.

Sir C. Murray to the Earl of Derby.—(Received April 20.)

(Extract.) *Lisbon, April* 4, 1874.

I HAVE the honour to inform your Lordship that, on the 2nd instant, the Portuguese Cortes were closed by the Cabinet in the King's name at the expiration of the three months, the period appointed for the duration of the ordinary sitting of the Cortes in each year.

Contrary to the general expectation, the Portuguese Ministry, at the last moment, declined to advise the King to prolong the Session for a few weeks more, in order to enable the Cortes to approve several measures that were pending.

In consequence of this sudden closing of the Portuguese Parliament, the Bill extending the B Tariff in the Franco-Portuguese Treaty of 11th July, 1866, to Great Britain, to which reference is made in my despatches of the 28th and 30th ultimo, has, I regret to say, not been discussed at all.

No. 32.

Sir C. Murray to the Earl of Derby.—(Received April 20.)

My Lord, *Lisbon, April* 11, 1874.

WITH reference to my despatch of the 4th instant, I have the honour to transmit herewith to your Lordship translation of a note from Senhor Corvo, in reply to that which I addressed to his Excellency on the 23rd ultimo (copy of which is also inclosed) stating the circumstances under which the Portuguese Government found it impossible to pass through the Cortes the Project of Law presented by the Government for the purpose of extending to Great Britain the Tariff B of the Franco-Portuguese Treaty of 11th July, 1866.

In his note, Senhor Corvo says that he will shortly call your Lordship's attention to the commercial relations between Great Britain and Portugal.

I have, &c.

(Signed) CH. A. MURRAY.

Inclosure 1 in No. 32.

Sir C. Murray to Senhor Corvo.

M. le Ministre, *Lisbon, March* 23, 1874.

IN the Report of the Debate which took place in the Chamber of Deputies on the 21st ultimo, I find that your Excellency replied to Senhor Carlos Bento da Silva with reference to his renewal of a Bill for the generalization of the Franco-Portuguese Treaty Tariff of 1866, that in so doing he had only anticipated the intention of the present Government to lay before the Cortes a similar measure for the purpose of extending to all nations that should treat with Portugal for reciprocity under the most-favoured-nation clause laid down in the Treaties recently made.

And your Excellency added:—

"But his Excellency will agree with me as to the expediency of the Government

presenting a Project of Law in spite of the initiative which he has just taken, in order to manifest clearly both in and out of the country, that this initiative which is intended to draw still closer the ties of friendly relations, both commercial and political, between ourselves and England chiefly, with whom we require to enter into a permanent negotiation of this nature, &c."

With reference, therefore, to this speech, I have the honour to request that your Excellency will be good enough to inform me whether the Portuguese Government intend to amend the Tariff as regards British goods imported into this country.

I avail, &c.

(Signed) CH. A. MURRAY.

Inclosure 2 in No. 32.

Senhor Corvo to Sir C. Murray.

(Translation.)

Sir, *Foreign Department, Lisbon, April* 8, 1874.

I HAVE before me the note which your Excellency did me the honour to address to me on the 23rd of March last, and in which, with reference to a speech which I delivered in the Elective Chamber, and wherein I claimed for His Majesty's Government the initiative of a Project of Law that would evidently show, both in and out of the country, the wish which animates the same Government of drawing still closer the ties of good commercial and political regulations between Portugal and Great Britain, your Excellency inquires from me whether His Majesty's Government is disposed to modify the Customs Tariff with regard to British merchandize imported into this country.

In the "Diario do Governo" of March 28, your Excellency will find the Project of Law to which I alluded The object of this Project of Law was to extend to Great Britain the advantages of the Tariff (B) annexed to the Treaty of July 11, 1866, between Portugal and France, and consequently favourably to modify the general Tariff with regard to British merchandize of the same kind as those included in the said Treaty Tariff. His Majesty's Government was most anxious that this Project of Law should be approved, but in spite of the favourable co-operation with which it was received on the part of the Diplomatic Committee (of the Chamber) who immediately gave their report in favour of the approval of the Project of Law, it was impossible to have the matter discussed, and this was owing to circumstances which I think it unnecessary to relate to your Excellency.

As your Excellency will see by the date, I intended to present the said Project of Law at the beginning of the Legislative Session, but I feared that the opposition, groundless though it be, which it would raise, would be productive of serious embarrassment to His Majesty's Government. The opposition which has already been shown by the Press, leads me to believe that my fears were not groundless, and that the Government of His Majesty will have to overcome serious opposition in order to cause the said Project of Law to pass in the next session.

All this confirms what His Majesty's Government has repeatedly stated to the British Government and that is, that the concurrence of the two Governments is essentially requisite for the effectual improvement of the commercial relations between the two countries.

Very shortly I shall have the honour to call the attention of the present Cabinet of Her Britannic Majesty to the state of the commercial relations between Portugal and Great Britain, and to the means of improving the same.

I avail, &c.

(Signed) JOAO DE ANDRADE CORVO.

No. 33.

The Earl of Derby to Sir C. Murray.

Sir, *Foreign Office, April* 20, 1874.

I TRANSMIT to you, for your information, a copy of a report which has been addressed to the Board of Treasury by the Commissioners of Customs, relative to the present state of the commercial relations between Great Britain and Portugal, which formed the subject of your despatch of the 25th of February last.

I am, &c.

(Signed) DERBY.

Inclosure in No. 33.

The Commissioners of Customs to the Lords Commissioners of the Treasury.

YOUR Lordships having referred to us the annexed letter, dated the 10th instant, from Mr. Lister, transmitting, by desire of the Secretary of State for Foreign Affairs, a despatch received from Her Majesty's Minister at Lisbon relative to a debate in the Chamber of Deputies on the subject of the commercial relations between Great Britain and Portugal, we report—

That, in our Report to your Lordships, dated 29th August last, on the subject of a Commercial Treaty between Great Britain and Portugal, and the arguments of the Portuguese Government in connection with negotiations for such a Treaty, we stated very fully the principles upon which the different rates of duty payable upon wine imported into this country had been arranged, and the reasons which, in our opinion, existed why an alteration therein should not be made in favour of wine imported from Portugal.

With reference to the debate in the Chamber of Deputies in Lisbon on the 21st ultimo, we have to observe that, when England many years since adopted the principles of free trade as the basis of all her fiscal legislation, she swept from her Tariff all differential duties whether in favour of her own colonies or of other favoured nations. In accordance with these principles, the privileges which she conceded in 1860 by Treaty to France were given unreservedly and voluntarily to every other country and people, and at the present moment there is no advantage enjoyed by the people of France on the importation of their merchandize into Great Britain which is not also equally open to the merchants of Portugal.

It is difficult, therefore, to understand what may be meant by the observation recorded in the despatch of Her Majesty's Minister as having been made by Senhor Bento in the Portuguese Chamber of Deputies. That deputy is said to have laid great stress "on the importance of persuading British statesmen to generalize the principles of the Anglo-French Commercial Treaty." Sir Charles Murray, however, says in the preceding paragraph of his despatch that Senhor Bento stated that, in the Anglo-French Treaty, the provisions with regard to wines constituted a differential duty, and that Portuguese wines, owing to their greater alcoholic properties, were placed at a disadvantage of 150 per cent. Senhor Bento would, therefore, appear to entertain the opinion, shared by many of his countrymen, that a differential duty in favour of French wine on importation into this country really exists.

The idea thus expressed is altogether erroneous. The British Tariff contains a rate of duty for all wine of whatever country, and also a rate of duty for spirits for all countries, equal, however, only to that levied on spirits manufactured in Great Britain. A duty which would tax highly the home produce, and admit similar produce from foreign countries untaxed, would indeed be a differential duty. It would be most unjust, and has ever been repudiated, by every country.

Wine, in its natural state, as produced from the grape, is charged on importation into Great Britain, almost without exception, with a duty of 1*s.* a gallon. If, however, the makers or importers of wine choose to add to such wine manufactured spirits, which, if made in this country, would be charged, with duty at 10*s.* a gallon, it is but just that they should be taxed to the same extent as the British producer of spirits is taxed; and, accordingly, wine, to which manufactured spirit has been added, has to pay an additional tax for that added spirit. This provision is not limited to Portuguese wine, but is equally applied to the wines of France, and all other countries, including our own Colonies.

With regard to the observatiou of Senhor Bento as to the importance of commercial relations with England, it is to be remarked that, as England has conceded already to Portugal everything she has given to any other country, and admits, with the exception of wine and figs, all Portuguese produce free of duty, the only means of increasing the trade between the two countries, would appear to rest with Portugal; and no doubt if she would reciprocate the liberal spirit of this country, and remove the restrictive duties on British produce, she would find that her trade with England would very rapidly increase.

(Signed) F. GOULBURN.
GRENVILLE C. L. BERKELEY.

Custom-House, March 31, 1874.

No. 34.

Sir C. Murray to the Earl of Derby.—(*Received May* 2.)

My Lord, *Lisbon, April* 28, 1874.

I HAVE the honour to inclose to your Lordship translation of a note that I have received from M. de A. Corvo, to the contents of which I would respectfully beg your Lordship's serious attention.

In many official communications made during the last two or three years from this Mission and the British Consulate to the Foreign Office, your Lordship will find statements of the great injury done to British commerce by the difference existing between the general Tariff applied in Portugal to importations from England and the Conventional Tariffs accorded to importations from France and Germany, &c., by Treaty. Whether Portugal was justified in imposing these differential duties, notwithstanding our most-favoured-nation clause in our Treaty of 1842, is a question that has been often discussed; but I believe it is generally admitted that she was so justified by the "compensation" clause of the IVth Article, and your Lordship's opinion delivered in Parliament to that effect has more than once been quoted.

Your Lordship is aware that the Portuguese Government has offered, and still offers, to extend to Great Britain all, and more than all, the Tariff advantages hitherto conceded by Treaty to France and Germany, if the British Government can find means to remove that differential duty of 150 per cent. to which the wines of Portugal, as compared with those of France, are subjected in England by the operation of the present alcoholic scale.

Your Lordship will note that the Portuguese Government fully recognize, not only the right, but the duty of the British Government to guard jealously the important revenue derived from the excise on spirits, but they maintain the opinion, and support it by many high authorities, private and official, in England, that the maintenance of the present alcoholic scale, which has so materially crippled the international commerce between the two countries, is not, as a fiscal measure, necessary for the protection of the interests of the Treasury. The Portuguese Minister does not call upon your Lordship to accept and adopt this view, but, considering the great importance of the question to the commerce of the two countries, he hopes that the British Government will find some means of having it submitted to a Commission composed of competent and experienced members, who, after having examined it in all its bearings both on commerce and revenue, shall make thereon a Report, to be presented to Parliament. M. Corvo is of opinion that no time could be more propitious for a full and exhaustive examination of this question than the present, when a great variety of Portuguese wines, almost, if not altogether, unknown in England, are being sent to the International Exhibition in London; they are mostly of last year's vintage (or that of 1872), unbrandied, many of them very imperfectly made, being intended only for consumption in the neighbourhood where they were grown. As the wines of Bordeaux and Burgundy are never tasted by amateurs until they are three or four years old, it is obvious that none but practical and experienced men can judge fairly of the merits or demerits of these new, rough Portuguese wines; but the Portuguese Government are very desirous that the British Government should obtain the opinion of such competent judges on the quality of these wines, and on their probable adaptability, when more carefully prepared and ripened by time, to the requirements of the British market, as the extent to which such wines could be grown in and exported from Portugal, at a very low price, is almost unlimited.

It is not necessary to quote figures in order to recall to your Lordship's recollection the enormous development of British commerce that took place in England between the years 1861 and 1870, especially in our relations with France during the latter half of that period; nevertheless, a reference to the official returns will show that the exports from Great Britain to Portugal in 1861 were 3,204,000*l.*, and in 1869 they had fallen to 2,324,000*l.*

If Her Majesty's Government finds itself enabled to meet the views of the Portuguese Government on this subject, after having submitted it to the careful consideration of a competent Commission, and of the constituted authorities at the Board of Trade and the Treasury, there is no doubt that English iron manufacturers, as well as worsted, linen, and other goods, which are now almost excluded from Portugal by the differential tariff in favour of France and Germany, will ere long acquire, or rather resume, a development in the Portuguese market which will more than compensate for the defalcation which the Board of Excise has hitherto apprehended from a modification of the present alcoholic scale.

I have, &c.

(Signed) CH. A. MURRAY.

Inclosure in No. 34.

Senhor Corvo to Sir C. Murray.

(Translation.)

Sir, *Foreign Department, Lisbon, April* 24, 1874.

AS I had the honour to state to your Excellency in my note of the 23rd of March last, His Majesty's Government intends shortly to issue instructions to Field-Marshal Saldanha to call the attention of Her Britannic Majesty's Government to the state of the commercial relations between Portugal and Great Britain, and to the means of improving them.

His Majesty's Government, on its part, has given unequivocal and repeated proofs of the sincere and lively desire which animates it of contributing, as much as possible, towards the development of trade between the two countries, and I am willing to believe that Her Britannic Majesty's Government will perceive one of these proofs in the proposal which I had lately the honour to lay before the Cortes, extending gratuitously to Great Britain the advantages of the conventional régime with France, a proposal which I hope will be converted into law at the beginning of the next legislative Session.

With respect to the duties upon other articles of importation from Great Britain not included in the Conventional Tariff, His Majesty's Government, as soon as the budget shall have been solidly and definitively balanced, will have no objection to make reductions in those duties as far as may be compatible with the legitimate interests of the national industries.

But, as your Excellency is aware, in virtue of a law of public economy, and which no Government can alter, importation tends necessarily to keep a due proportion to the exportation. It is the law which the distinguished English economist, Mr. Stuart Mill, calls "the law of equation of demand between nations," and which he says may be expressed in a few words, as follows:—

"The products of a country are exchanged for the products of other countries in such a proportion that the total exports of that country shall be exactly equal to the total amount of its exports."

Now, the principal article of exportation from Portugal, the one which is best able to maintain the trade between this country and Great Britain, is unquestionably wine.

Portugal produces a great variety of common wines. His Majesty's Government is sending to the International Exhibition in London samples of those wines. They are, for the most part, of the last vintage, and made according to very imperfect systems, for local or national consumption. I am nevertheless convinced, that should Her Britannic Majesty's Government cause them to be examined by competent persons, it will be seen, that, after having been properly prepared, the Portuguese wines possess, perhaps, in a higher degree than those of other competing countries, the most necessary qualities to secure for them a vast market in Great Britain. Nevertheless, the common Portuguese wines are at present excluded from that market, because they are liable, as containing more than 26 degrees of proof spirit, to a differential duty of 150 per cent. in comparison with French wines, and of about 200 per cent. with reference to their original cost, which is, on an average, of 900 reis per almude, or about 4*s.* 2½*d.* per bottle.

Until, therefore, this régime is altered, no measure adopted on the part of His Majesty's Government will be able to improve effectually the commercial relations between the two countries.

His Majesty's Government has repeatedly, and very long ago, applied to Her Britannic Majesty's Government for the appointment of a Royal or Parliamentary Commission of Inquiry into the question of ascertaining whether it be possible to alter the present import duties on wine into Great Britain without loss to the exchequer, and to the great advantage of the consumers and of the trade. No opportunity could be more convenient than the present for the impartial examination of this question. An exhibition is about to be opened in London, where samples will be found of the principal common wines of Portugal and of the other Peninsular countries. The question may be studied there in some of its most important points, such as, for instance:—

What is the alcoholic strength of those wines?

What would be the probable increase of the consumption in case the duties were equalized?

The appointment of the said Commission, besides possibly enabling Her Britannic Majesty's Government to remove in due time a great obstacle to the development of trade between the Peninsular countries and Great Britain, would be at once a proof of good will, which would further strengthen the hands of His Majesty's Government, in order to

overcome the resistance, which, judging from the opposition which it has raised in the press, the project above referred to may have to encounter in Parliament.

Being aware how much interest your Excellency feels in the development of the commercial relations between the two countries, I venture to request your Excellency to be so good as to call the attention of the British Government to this matter, furnishing them, at the same time, with whatever information you may deem most expedient under the circumstances.

I avail, &c.
(Signed) JOAO DE ANDRADE CORVO.

No. 35.

Sir C. Murray to the Earl of Derby.—(Received May 14.)

My Lord, *Lisbon, May* 2, 1874.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 20th ultimo, inclosing copy of a Report addressed to the Board of Treasury by the Commissioners of Customs relative to the commercial relations between Great Britain and Portugal, chiefly in respect to the wine trade.

I confess, my Lord, that the perusal of this Report only confirms me in the opinion that I expressed to your Lordship in my last despatch on this subject, viz., that as this important question is one in which the Commissioners of Customs are at issue, not only with the Portuguese Government, but with many of the highest financial and commercial authorities in England, and also with some of the recorded opinions of the Board of Trade itself, it is highly desirable that it should be carefully examined by a competent Commission appointed to report thereon to the House of Parliament.

If I send a copy of this Report of the Commissioners to the Portuguese Government, I know, my Lord, beforehand, the tenour of the reply which they will make to it, namely, that the statements therein, which are apparently true on paper, are fallacies in fact; such, for instance, as the statement that "at the present moment there is no advantage enjoyed by the people of France on the importation of their merchandize into Great Britain, which is not equally open to the merchants of Portugal."

This may true on paper, but the fact is that wine, which constitutes more than two-thirds of the whole exports from Portugal to Great Britain, is taxed at 150 per cent. higher than the average French wines imported into England. Again, the Commissioners' Report says :—"Wine in its natural state, as produced from the grape, is charged on importation into Great Britain, almost without exception, with duty at 1*s*. If, however, the makers or importers of wine choose to add to such wine manufactured spirits, which, if they were made in this country, would be charged with duty at 10*s*. per gallon, it is but just that they should be taxed to the same extent as the British producer of spirits is taxed."

Here, again, I venture to submit that, however plausible this conclusion may appear, the grounds on which it is based are far from being correct.

A reference to the printed documents that have been published on the subject will show that "of the wine in its natural state, as produced from the grape," so far is it from being true that, almost without exception, it can be imported into Great Britain with a duty of 1*s*. per gallon, that nine-tenths of the wine produced in Portugal, four-fifths of that grown in Spain, and two-thirds of that produced in Sicily and Italy, are, in their natural state, of too great an alcoholic strength to admit of their being imported into England at the present 1*s*. duty.

It is true that many of those wines are, when first made, about, or somewhat below the 26 degrees of Sykes' meter, but then it is well known that their strength increases so much in cask that before they can be brought into the market, even without the addition of any spirit, their strength brings them under the operation of the 2*s*. 6*d*. duty. It is scarcely possible that the report of Mr. Charles Bernard on the wines of Spain and Portugal, laid before Parliament some years ago, should not be familiar to the Commissioners of Customs, and his views cannot be suspected of undue partiality to those of the Peninsular wine-growers and merchants. He states, in respect to the Portuguese newly-made wines, "in any case it was indispensable to mix them with foreign spirits, not to meet the unreasonable caprice or taste of the consumers, but to preserve the sweetness and body of the wines." The experiments made and quoted by Mr. Bernard satisfied him of the absolute necessity of the addition of some spirits for the preservation of the wines, and in another portion of his Report he mentions an attempt made by Mr. Harris, one of the oldest merchants of Oporto, to make, keep, and export to England pure native port

wine without the addition of any brandy. The experiment was made under the most favourable circumstances, the wine selected being of the finest quality, and the year (1834) one of the best vintages on record. He kept it fifteen years; when offered for sale it was valued in London at about 8*l.* or 9*l.* a pipe, being considered excessively harsh and inferior to the common low wines of France, the original cost to the maker of the wine having been between 25*l.* and 30*l.* a pipe.

In the face of facts so strong and well known as these, it seems scarcely fair for the Commissioners of Customs to say, "if the makers or importers of wine choose to add to such wine manufactured spirits," &c.,—the truth being that the pure wine cannot be made at all and kept two years in cask without attaining a strength beyond 26 degrees, and that it cannot be made marketable or even potable a few years later unless some addition of brandy has been made to it.

I do not think, my Lord, that any authority less than that of a competent Commission reporting to Parliament can settle, to the satisfaction of the British public, the important question whether the strong wines of Southern Europe can or cannot be admitted into Great Britain at the same duty as the lighter wines of France without injury to the revenue derived from excise or to the British distiller. The Commissioners of Customs are evidently prepared to meet this question with an unhesitating negative, but your Lordship may probably find, if it be put to the trial, that an opposite opinion is held by every Chamber of Commerce in England, perhaps even by the Board of Trade.

I have, &c.
(Signed) CH. A. MURRAY.

No. 36.

The Earl of Derby to Mr. Cobbold.

Sir, *Foreign Office, August* 18, 1874.

WITH reference to Sir C. Murray's despatches of the 4th and 11th of April last, I transmit to you, for your information, a copy of a Report which has been addressed by the Commissioners of Customs to the Lords of Her Majesty's Treasury, relative to the question of the commercial relations between Great Britain and Portugal, and especially to the duties on wines imported from the latter country.

I am, &c.
(For the Earl of Derby),
(Signed) TENTERDEN.

Inclosure in No. 36.

Report.

YOUR Lordships having referred to us the annexed letter from Mr. Lister, of the Foreign Office, dated the 14th May last, transmitting, by direction of the Earl of Derby, copies of a further despatch and of its inclosure from Her Majesty's Minister at Lisbon relative to the existing commercial relations between Great Britain and Portugal, especially in regard to the duties charged on wine imported from that country:

We report:—

That the inclosed papers contain a repetition of the charge which has so often been made against this country by the Portuguese authorities in reference to the present system of levying the duties on wine according to its alcoholic strength; and the Portuguese Consul-General at Bristol has not hesitated to assert, in his Report to his Government, that the alcoholic scale was "invented to favour the wines of France, and because without it England would not, perhaps, have concluded the Treaty with that Power." The groundlessness of this assertion has been frequently pointed out, and we do not deem it necessary, on the present occasion, to repeat the arguments we have already adduced to prove that our system of wine duties is based upon sound and equitable principles. It is admitted, indeed, by the Portuguese Consul-General at Bristol, in a subsequent part of his Report to which allusion has been made, that the present state of the "market for Portuguese wines is not owing to the alcoholic scale only, because the wines of Spain and Sicily pay the same duties, and their consumption increases every

year, while that of the Portuguese remains stationary." The statistics of our Wine Trade partially confirm this view, for while the consumption in the United Kingdom of all wines has increased from 6,718,585 gallons in 1860 to 18,027,308 gallons in 1873, the consumption of Portuguese wines has increased only from 1,776,172 to 3,474,369 gallons. In the same period the consumption of Spanish wines has risen from 2,975,906 to 7,091,514 gallons, although they are liable to the same rate of duty as the wines of Portugal. The Consul-General is perfectly right, therefore, in his conclusion that it is not the present system of levying the duty on wine that keeps down the trade with Portugal, but he is mistaken in supposing that the consumption of Portuguese wine in the United Kingdom is stationary, inasmuch as it has doubled in fourteen years, and has increased nearly 10 per cent. in the last three years.

The Portuguese Consul at Liverpool observes that the wine trade between Portugal and England "has a tendency to increase, if our (Portuguese) exporters would have the good sense to abstain from adulteration. By experience, which has cost them not a little, our exporters already know how much it concerns them not to adulterate their wines. Let them export all kinds of wines, not attempting to make them pass for what they are not, but stating their real origin and value; for those which do not please by the excellence of their quality will please by their moderate price, and the fine qualities will preserve their credit intact." This, no doubt, is the proper view of the whole question in regard to the wines of Portugal.

The printed correspondence forwarded by Mr. Lister also contains a copy of a Treaty concluded between Portugal and Belgium, and Sir C. Murray, in forwarding the same, begs to call attention to the VIth Article, by which he observes Belgium has conceded considerable advantages to the Portuguese wine trade. Upon this we have to remark that, it appears from the extract from the "Diario do Governo" of February 28, forwarded also by Sir C. Murray, that, under the Belgian Tariff, liquids containing not more than 21 per cent. of alcohol, are admitted in Belgium upon payment of duty as wine. The Belgian Government, it would seem, has found it necessary to reduce that limit to 18 per cent. in order to guarantee the revenue against illicit distillation, and by the Article VI of the Treaty between Belgium and Portugal, it is stipulated that Portuguese wines shall, if they contain more than 18 per cent. of alcohol, be charged with the spirit duty on the strength exceeding 18 per cent., participating, however, in the benefit of the present limit of 21 per cent. so long as that limit is extended to the wines of other countries.

By such arrangement the principle of the British tariff of distinguishing the natural wines from those artificially fortified, is clearly maintained, and, so far, the Belgian and British tariffs are alike. As regards the limit of 18 per cent., the advantage conceded by Belgium to Portuguese and other wines, as compared with the duties chargeable in this country, does not really appear to be so considerable as Sir C. Murray may imagine. "18 per cent, of absolute alcohol," as Sir C. Murray puts it, would, if ascertained by chemical analysis, represent 31 degrees of "proof spirit," giving an advantage of 5 degrees in Belgium over our British limit for the lowest scale of duty, which as your Lordships are aware is 26 degrees. The process, however, of chemically analysing all wines, would be extremely objectionable, if not impossible, and as the system of Gay Lussac is in general use on the continent for testing the strength of wines and spirits, both for revenue and trade purposes, it may fairly be presumed that the strength of the Portuguese and other wines would be tested in Belgium according to that system; and if this be so, as a strength of 18 degrees of Gay Lussac is equal to 28 degrees of Sykes, the difference in this respect between the limit in Belgium and in this country will be very slight, only 2 degrees. The Treaty with Belgium is, therefore, rather a confirmation of the equity and propriety of the scale of duties levied in this country upon wines with reference to the natural or fortified condition, as the case may be. It would be quite as appropriate to charge Belgium with favouring French wines as to make such a charge against Her Majesty's Government, because French wines not being fortified, they will be admitted into Belgium at a lower rate than the fortified wines of Portugal.

In the last despatch of Sir C. Murray and its inclosure from his Excellency Senhor Corvo, allusion is made to a collection of Portuguese wines which have been sent to this country to be exhibited at the International Exhibition, now open at South Kensington, and a wish is expressed on the part of the Portuguese Government that Her Majesty's Government should obtain the opinion of competent Judges on the quality of these wines, and on their probable adaptability, when more carefully prepared and ripened by time, to the requirements of the British market.

With reference to this proposition we would observe that it has been usual for this Department to test the strength of wines which have from time to time been sent to this country for public exhibition at South Kensington, and to publish the result of such testing;

but the Portuguese Government not only desire the alcoholic strength to be ascertained, but they desire to obtain an opinion as to the probable adaptability of the wines in question for consumption in this country. We do not see any objection to the usual course being followed in the case of the wines from Portugal now deposited in the International Exhibition, and we have accordingly issued directions that the samples should be tested in the ordinary way to ascertain their alcoholic strength, and the result reported; but we consider it very undesirable that the officers of this Department should be called upon to undertake the responsibility of expressing any opinion upon the quality of the wines so tested, or as to their probable adaptability, when more carefully prepared and ripened by time, to the requirements of the British market.

Upon receipt of the Report showing the result of the testing of these wines, we will forward the particulars to your Lordship for the information of the Portuguese Government; and we have only to add that there is nothing in any of the printed papers now under consideration that in the least invalidates the arguments that have from time to time been advanced in favour of the system of wine duties in operation in this country or that tends to show that such duties are not just or politic.

(Signed) F. GOULBURN.
GRENVILLE C. L. BERKELEY.

Custom-House, July 21, 1874.

To the Lords Commissioners of Her Majesty's Treasury.

No. 37.

The Duke de Saldanha to the Earl of Derby.—(*Received September* 16.)

(Translation.)

My Lord, *Portuguese Legation, September* 15, 1874.

IN despatches of 24th and 26th August last, I received from the Minister for Foreign Affairs a very pressing recommendation to solicit from Her Britannic Majesty's Government the appointment of a Commission of Inquiry, which, upon examination of the regulations of the present commercial relations between Portugal and Great Britain, may obtain evidence of the great reciprocal advantages which the two countries must derive from the modifications urgently required by the unsatisfactory and almost stationary condition of the commerce between them, when the extraordinary increase of the internal wealth of Portugal would otherwise promise great extension and progress.

His Most Faithful Majesty's Government believes that only such a Commission will be able by its transactions to remove the objections formerly raised by the Fiscal Departments of Great Britain, and induce the Government to reform the said regulations.

His Most Faithful Majesty's Government has not, on its part, spared the means of promoting the extension of Portuguese commerce with Great Britain, and so sincere are its endeavours that without any solicitation it presented to the Cortes, in the last Session, a Project of Law which extended to Great Britain the benefit of the commercial arrangement which Portugal has with France.

The extraordinary promptitude with which the Diplomatic Commission gave a favourable opinion on this Project of Law is another proof of the eagerness with which the country always receives the idea of rendering its commercial and friendly relations with Great Britain more intimate.

I have, above all, to invite your Lordship's attention and that of your colleagues to the fact that His Most Faithful Majesty's Government has by this resolution (which is to become law at the beginning of next Session) given to Great Britain gratuitously and unconditionally, all the advantages of the most favoured country; and I will add also that this has always been the desire of the Portuguese Government, which it has not accomplished before for reasons apart from its wish.

It is, however, quite certain that all these efforts and this energy on the part of His Most Faithful Majesty's Government, though they be met with the greatest goodwill of the British Government, will be ineffectual so long as those obstacles exist which Great Britain maintains by her present legislative system in regard to the importation of wine. This being the principal branch of Portuguese commerce and exportation, cannot fail to command the constant attention and care of the Government in relation to the great differences and great injury with which it is treated by the present English system, which imposes on Portugal a differential duty of 150 per cent. as compared with French wines.

His Most Faithful Majesty's Government is convinced, that on the practical examina-

tion of this question Her Britannic Majesty's Government will easily recognise the advantages and benefit which Great Britain herself will obtain by modifying the present state of the regulations for the importation of Portuguese wines.

The appointment of a Commission of Inquiry for the examination of this matter is therefore required, and in the opinion of His Most Faithful Majesty's Government fully justified, and without in any way prejudicing the interests of Her Britannic Majesty's Government, this will be another proof of its desire to reciprocate the good intentions of the Portuguese Government, so unequivocally manifested for the extension and prosperity of the commerce between the two countries.

Having explained to your Lordship what His Most Majesty's Faithful Government has so disinterestedly done for the benefit of the commercial interests of England, it will not be importunate in me to consider the requisition for the appointment of this Commission as deserving of regard, and as one which the noble sentiments of justice entertained by the British Cabinet, as well as the ancient relations of intimate friendship between the two nations, will not meet with a refusal.

I may add that there could not be a better opportunity for taking this matter in hand than the present, whilst the International Exhibition is still open in London; for there are shown the principal samples of the Portuguese wines which are affected by the differential duty referred to, and they furnish an excellent means, which it will be difficult to find again, for the technical and economical examination of this serious question.

His Most Faithful Majesty's Government will give the necessary directions, so that, in case the Exhibition should close, the samples and specimens of the national wines which the Commission may require, shall be placed at the disposal of the Department which the British Government may be pleased to indicate to me.

In the Memorandum which I have the honour of submitting to your Lordship, the principal arguments, demonstrations, and reasons are found, with which, it appears to me, His Most Faithful Majesty's Government justifies, in an unexceptionable manner, its requisition for the appointment of the above-mentioned Commission, and as shortly as possible.

I avail, &c.

(Signed) SALDANHA.

Inclosure 1 in No. 37.

Memorandum.

LE Gouvernement de Sa Majesté Très-Fidèle a eu l'honneur d'appeler à plusie reprises la bienveillante attention du Gouvernement de Sa Majesté Britannique sur l'état des relations commerciales entre le Portugal et la Grande Bretagne, en sollicitant à la fois son concours pour les améliorer. Il se considère dispensé à présent d'insister sur les faits exposés et sur les considérations faites à cet égard. Mais qu'il lui soit permis d'en rappeler, en résumant, ce qui est indispensable pour fonder la demande qu'il adresse, de nouveau, au Gouvernement de Sa Majesté Britannique.

Le commerce du Portugal avec la Grande Bretagne est plus important que son commerce avec tous les autres pays du monde ensemble, y compris les Colonies Portugaises. Ce fait sans pareil dans le commerce international suffirait à justifier la sollicitude que le Gouvernement de Sa Majesté Très-Fidèle ne cesse pas d'employer pour améliorer les relations commerciales entre les deux pays, et les vifs regrets qu'il éprouve en y rencontrant des obstacles qu'il ne peut pas écarter par lui seul. Mais en agissant ainsi le Gouvernement de Sa Majesté Très-Fidèle s'inspire, de même, des sentiments qui portent le Portugal à réserver de plus en plus les liens de son ancienne amitié avec la Grande Bretagne.

Les tableaux du commerce extérieur du Portugal constatent un état peu satisfaisant de ses relations commerciales avec la Grande Bretagne depuis 1861. Si le commerce entre les deux pays n'est pas tout-à-fait stationnaire, il est bien loin d'atteindre le développement que le progrès extraordinaire de la richesse publique du Portugal dans les dernières années devait lui assurer.

Quelles en sont les causes et comment les écarter?

Les relations commerciales entre le Portugal et la Grande Bretagne ne sont pas sur le pied du traitement de la nation la plus favorisée de plein droit et de plein fait: il faut les mettre sur ce pied. Elles sont hors de l'action naturelle et de l'influence bienfaisante des grandes lois économiques qui régissent le commerce extérieur: il faut les y replacer.

Le Traité du 3 Juillet, 1842, entre le Portugal et la Grande Bretagne ne contient, il est vrai, la clause au traitement de la nation la plus favorisée, mais il contient cette clause dans une ancienne forme qui la rend tout-à-fait inefficace pour assurer à une des Hautes

Parties Contractantes les concessions que l'autre puisse faire conditionnellement ou moyennant des compensations à une tierce Puissance.

En 1860 la Grande Bretagne et la France ont inauguré en Europe une nouvelle politique commerciale—les réformes douanières au moyen des Traités de Commerce sur la base de mutuelles concessions.

Presque tous les autres pays ont été forcés de suivre la même politique, sous peine de laisser ses produits soumis à des régimes différentiels sur des marchés importants. Le Portugal a subi cette peine par rapport aux marchés Français jusqu'à ce qu'en 1866 il traita avec la France sur la base de mutuelles concessions. Ainsi que Lord Derby l'a avoué devant le Parlement, la Grande Bretagne n'avait le droit de jouir gratuitement du bénéfice des concessions que le Portugal avait faites à la France moyennant des compensations.

Le Gouvernement de Sa Majesté Très-Fidèle s'est empressé d'entamer des négociations avec celui de Sa Majesté Britannique en lui offrant non-seulement les concessions faites à la France mais d'autres bien plus importantes. Il est inutile de rappeler ici pourquoi ces négociations n'ont pas réussi.

Quoique la Grande Bretagne n'eut pas un droit positif à jouir gratuitement au bénéfice du régime conventionnel du Portugal, le Gouvernement de Sa Majesté Très-Fidèle le lui aurait rendu extensif tout de suite si ça ne devait pas impliquer une généralisation de ce régime et le sacrifice de valables éléments des négociations entamées avec d'autres pays.

Dernièrement le Gouvernement de Sa Majesté Très-Fidèle a renouvellé les négociations avec celui de Sa Majesté Britannique pour mettre la Grande Bretagne sur le pied de la nation la plus favorisée, non-seulement quant aux concessions faites à la France et à d'autres pays, mais à toutes celles que le Portugal pourra faire à l'avenir à une tierce Puissance. Ces négociations furent placées sur des bases et en conditions qui devaient les mener à une conclusion aussi prompte qu'elle était facile. Toutefois elles ont trainé en longueur et se trouvent suspendues depuis le mois de Juillet de l'année passée, quoique le Gouvernement de Sa Majesté Très-Fidèle ait déclaré qu'il serait prêt à les continuer aussitôt que le Gouvernement de Sa Majesté Britannique en voudrait bien lui communiquer le désir.

Dès que les principaux motifs qui dans l'intérêt du commerce Portugais s'opposaie t à la concession gratuite du bénéfice du régime conventionnel à une tierce Puissance n'existèrent plus, le Gouvernement de Sa Majesté Très-Fidèle s'est empressé de présenter aux Cortés un projet de loi pour appliquer ce bénéfice à la Grande Bretagne (document ci-joint), et il a fait tout son possible pour en obtenir l'approbation ; mais des circonstances qui sont survenues tout-à-fait inespérées forcèrent le renvoi à la prochaine session de ce projet, aussi que de beaucoup d'autres auxquels le Gouvernement s'intéressait. Et quoiqu'il ait suscité de l'opposition de la part de quelques industries qui en Portugal, comme partout, entretiennent toujours des peurs exagérées de la concurrence étrangère, le Gouvernement de Sa Majesté Très-Fidèle espère qu'il sera converti en loi au commencement de la prochaine année.

Pour améliorer les relations commerciales entre les deux pays le Gouvernement de Sa Majesté Très-Fidèle désirerait aussi de réduire, autant que les interêts du pays le permettraient, et en réservant sa liberté fiscale, les droits en vigueur sur quelques articles de l'importation de la Grande Bretagne. Des études à cet effet ont été déjà ordonnées. Mais pour effectuer une réforme du tarif, le Gouvernement de Sa Majesté Très-Fidèle doit naturellement attendre que le commerce du Portugal avec la Grande Bretagne, qui représente la moitié du commerce extérieur du Portugal, soit rendu d'avance à l'action des lois économiques par vertu desquelles les importations se proportionnent nécessairement aux exportations et *vice versâ*. Autrement le Gouvernement de Sa Majesté Très-Fidèle ne pourrait compter sur les avantages de pareilles réformes, à savoir :—

1. Une augmentation de l'importation assez large et rapide pour compenser le déficit provenant de la réduction des droits.

2. Une augmentation de l'exportation proportionnelle à l'augmentation de l'importation.

En tout cas au commencement de l'année prochaine le Gouvernement de Sa Majesté Très-Fidèle aura fait de son côté tout ce qu'il peut faire pour améliorer les relations commerciales entre les deux pays. Mais le principal obstacle à l'amélioration de ces relations ne peut pas être écarté que par le Gouvernement de Sa Majesté Britannique. C'est le régime de l'importation des vins à la Grande Bretagne.

La grande loi qui règle le développement du commerce extérieur est celle qui, d'après les éminents économistes Anglais Adam Smith et MacCulloch, pourrait être appelée "loi de la proportionnalité entre les importations et les exportations," et que Mr. Stuart Mill croit

pouvoir appeler avec exactitude " loi d'équation de la demande entre nations," en ajoutant qu'on peut l'exprimer en peu de mots dans les termes suivants: Les produits d'un pays s'échangent contre les produits des autres pays à un rapport de valeur tel que la somme des exportations de ce pays égale exactement la somme de ses importations.

Or, l'article le plus important de l'exportation du Portugal, celui qui peut alimenter un commerce plus actif avec la Grande Bretagne, est sans contredit le vin. Le sol et le climat de toutes les provinces du Portugal sont éminemment propres à la culture de la vigne et à la production des vins les plus adaptés à satisfaire les nouveaux besoins de la consommation de la Grande Bretagne.

La preuve en est à present à l'Exposition Internationale de Londres, où le Portugal a envoyé des échantillons des principaux types des vins qu'il produit. Ces vins n'ont pas été fabriqués ni traités selon les meilleurs procédés de la vinification. Ils sont presque tous du cru de 1873, et ils étaient tous destinés à la consommation locale ou nationale, qui n'offre pas au producteur des prix suffisamment rémunérateurs pour une fabrication très-soignée. Toutefois il sera facile de découvrir dans les vins Portugais des qualités intrinsèques qui les rendraient très-appréciés par les consommateurs Anglais, si les défauts de la fabrication étaient corrigés.

La production du Portugal est à présent limitée par le manque de marchés; mais on peut dire qu'elle n'est limitée que par cette cause, et que l'offre sera toujours égale à la demande. Il y a en Portugal des millions de hectares de terre qui sont éminemment propres à la culture de la vigne, et que, non-obstant, on trouve tout à fait incultés ou consacrés à des cultures moins productives.

Mais les vins Portugais contiennent tous, ou presque tous, plus de 26 degrés d'esprit d'épreuve, et sont, par conséquent, soumis, à l'importation à la Grande Bretagne, à une surtaxe de 150 pour cent par rapport aux vins de France, et de près de 200 pour cent du prix de revient de la plupart des vins *de pasto* que le Portugal produit.

En de circonstances si désavantageuses toute concurrence sérieuse et toute organisation forte du commerce d'exportation sont impossibles. Empêchant l'importation du principal produit du Portugal ce régime-là empêche à la fois et dans une mesure proportionnelle ou égale l'exportation des produits Anglais pour le Portugal; et tant qu'il ne serait pas altéré, il restera un obstacle insupérable au développement des relations commerciales entre les deux pays.

Quand le dit régime fut établi à la Grande Bretagne, il était impossible d'y avoir des renseignements exacts sur les faits techniques qui lui servirent de base, puisque ces faits n'étaient pas bien connus nulle part, ni même dans les pays qui en possédaient les éléments nécessaires. Le Gouvernement de Sa Majesté Très-Fidèle est convaincu que si le Gouvernement de Sa Majesté Britannique voulait bien faire examiner le régime de l'importation des vins en présence des faits techniques, fiscaux, et economiques y concernant, et qui ont été avérés depuis 1860, il reconnaîtrait qu'un pareil régime n'est plus d'accord, ni avec les principes fondamentaux de la politique commerciale de la Grande Bretagne, ni avec le but spécial que la législation eut en vue.

Quand l'Honorable Mr. Gladstone a proposé au Parlement la seconde altération de l'échelle alcoolique en élevant la limite pour le droit de 1*s.* de 18 à 26 degrés il a dit: " What we want under a system of this kind is to obtain, as far as possible, the greatest simplicity of operation, the most extended application we can manage to secure, of the low duty of 1*s.* to what I have called natural wine; and, finally, one other material object, the effectual protection of the great revenue of 12,000,000*l.* which we derive from British and imported spirit."

Et qu'est ce que Mr. Gladstone appelle vin naturel? " When I speak," dit-il, " of natural wine, I mean wine with only so much spirit added as is necessary to make it a merchantable commodity for the general markets of the world, and the distinction I draw between that and another class—a highly-brandied wine—is, that in the latter class considerable quantities of spirit are added to certain wine to produce peculiar qualities, principally for the purpose of adapting it to the English markets." (Mr. Gladstone's Financial Statements, section 8, pp. 298, 299).

Or, ce sont des faits tout-à-fait avérés et qu'on peut démontrer à la dernière évidence:—

1. Que le Portugal, l'Espagne, et l'Italie produisent beaucoup de vins dont la force alcoolique dépasse 26 degrés d'esprit d'épreuve quand même on n'y a pas ajouté une seule goute d'alcool étranger.

2. Que l'addition de l'alcool étranger est absolument nécessaire aux vins de ces pays-là, et en général à ceux de tout les pays chauds, soit pour en arrêter ou modérer la première fermentation et éviter qu'elle devienne trop rapide et trop épuisante des qualités vineuses au moût, soit pour en étouffer les éléments de ferment, soit pour régler la

formation des éthers et assurer le développement naturel des transformations qu'ils doivent subir.

3. Que presque tous les vins commerciaux des dits pays contiennent et ne peuvent laisser de contenir plus de 26 degrés d'esprit d'épreuve, sous peine de perdre sa valeur vénale, non seulement dans les marchés Anglais, mais n'importe dans quels marchés au monde.

Tous ces vins, donc, sont les vins naturels pour lesquels Mr. Gladstone sollicitait en 1862 du Parlement Britannique, au nom d'un besoin publique, l'application du bénéfice du droit de 1*s.*, et toutefois ils n'en jouissent pas encore et continuent à être soumis à une surtaxe de 150 pour cent.

Si la protection efficace de l'importante recette provenant de l'excise exigeait que la limite pour le droit de 1*s.* fut maintenue à 26 degrés, le Gouvernement de Sa Majesté Très-Fidèle n'en demanderait pas l'altération. Mais en 1868 les Lords du Board of Trade démonstrèrent que cette limite pourrait être élevée à 38 ou à 40 degrés sans le moindre risque pour la recette de l'excise, et toute les recherches faites postérieurement confirment cette démonstration.

En ce qui concerne la simplification du service,—un autre but que la surtaxe de l'échelle alcoolique devait atteindre—Mr. James L. Johnston, ancien principal inspecteur des Gaugeurs et chef des laboratoires de la douane de Londres, vient de prouver dans une brochure récemment publiée que si on établit soit un droit uniforme de 1*s.* en élevant la limite de l'échelle alcoolique à un degré qui comprît tous les vins naturels importés *bonâ fide*, le service de la vérification (*testing*) serait réduit à quelques cas suspects très rares, et on pourrait ainsi effectuer une économie très importante de temps et d'argent.

En 1860 l'Honorable Mr. Gladstone disait au Parlement :—

"There is a power of unbounded supply of wine if you only alter your law, and there is a power, I will not say of unbounded demand, but of an enormously increased demand, for this most useful and valuable commodity in all its various descriptions."

Et, après avoir parlé des tentations que l'ancien régime des vins offrait à la fraude et à l'adultération, il ajoutait :—

"And now let me, in concluding my remarks on the subject, ask the Committee to consider yet one thing more. We hear of the rich man's luxuries and of contemplated reductions of duty upon articles which the poor man does not consume. Now I make my appeal to the friends of the poor man. There is a time which comes to all of us—the time, I mean, of sickness, when wine becomes a common necessary. What kind of wine is administered to the poor man in this country? We have got a law which makes it impossible for the poor man, when he is sick, to obtain the comfort and support derived from good wine, unless he is fortunate enough to live in the neighbourhood of some rich and charitable friend."

Or, quels sont les pays du monde les plus largement doués par la nature comme pays à vigne? Quels sont les pays dont la production pourrait s'étendre dans la même mesure que les marchés extérieurs? Quels en sont ceux qui pourraient faire à la Grande Bretagne une offre illimitée de vins purs, sains, alimentaires, bienfaisants à des prix plus accessibles aux classes moins aisées? Ce sont le Portugal, l'Espagne et l'Italie. Les renseignements que le Gouvernement de Sa Majesté Britannique peut se faire procurer ne lui laisseront le moindre doute à cet égard.

Mais les vins du Portugal, de l'Espagne, et de l'Italie sont soumis, à l'importation à la Grande Bretagne, à un système de droits qui ne leur permet pas de se défendre dans les luttes de la concurrence en toute égalité et en toute loyauté, et qui en exclue justement ceux dont la demande a énormément augmenté les vins *de pasto* purs et sains à plus bons marchés. Et en ce qui concerne les vins fins ce système-là, leur imposant une surtaxe de 150 pour cent, offre des tentations irrésistibles aux imitations et aux falsifications. Les faux vins, Porto, Madère, Xeres, Marsala, Lacrima Christi, &c., fabriqués en Allemagne et en France, n'ont jamais envahi les marchés Anglais avec une force si grande et fait une guerre si redoutable au commerce loyal que depuis que l'échelle alcoolique y est établie comme base du régime de l'importation.

Le régime que l'on a substitué en 1860 imposait des droits très lourds sur les vins, mais c'était un régime égal pour tous; tandis que le régime actuel, quoiqu'il ne soit pas différentiel ni dans la lettre ni dans l'esprit de la loi, il exerce tout de même les pernicieux effets des régimes de cette nature sur le commerce international.

Le Gouvernement de Sa Majesté Très-Fidèle est persuadé que si le Gouvernement de Sa Majesté Britannique voulait bien faire examiner ce régime-là sous tous les points de vue et en présence de tous les faits et renseignements qu'on pourrait produire devant une Commission d'Enquête, les résultats de cette examen démontreraient à la dernière évidence—

1. Qu'un pareil régime n'est pas nécessaire pour la protection efficace de la recette provenant de l'excise.

2. Qu'il n'est pas d'accord ni avec le but spécial que le législateur a eu en vue ni avec les principes généraux qui constituent la base de la politique commerciale de la Grande Bretagne.

3. Qu'il est un obstacle au développement des relations commerciales de la Grande Bretagne avec le Portugal, l'Espagne, et l'Italie, et que tant qu'il ne sera pas altéré tous les efforts des Gouvernements respectifs pour améliorer ces relations y échoueront.

Le Gouvernement de Sa Majesté Très-Fidèle a sollicité à diverses reprises du Gouvernement de Sa Majesté Britannique de vouloir bien nommer une Commission d'Enquête sur le régime de l'importation des vins, mais il ne s'est jamais présenté ni peut plus se présenter d'occasion qui soit aussi opportune à cet effet que l'occasion actuel.

Les Commissaires de Sa Majesté Britannique à l'Exposition Internationale de Londres ont invité tous les pays producteurs de vins à en y envoyer des échantillons.

Les pays Péninsulaires ont accepté cette invitation. La Commission d'Enquête qu'on instituerait à Londres aurait donc tous prêts des renseignements qu'il serait difficile de réunir en d'autres circonstances et qui sont essentiels pour éclaircir les principaux points techniques et économiques de la question, par exemple ceux-ci: Quelle est la force alcoolique des vins des pays Péninsulaires? Sont-ils ce que l'Honorable Mr. Gladstone appelait des vins naturels? Doivent-ils jouir du bénéfice de l'application du droit de 1*s.*? Peuvent-ils en jouir si la limite de l'échelle pour ce droit est maintenu à 26 degrés? Quels sont les prix, les qualités intrinsèques, l'aptitude de ces vins-là à satisfaire la demande énormément augmenté des marchés Anglais? Quelle serait l'augmentation probable de la consommation de ces vins s'ils pouvaient compter sur l'égalité devant la loi? Quelle est l'influence que l'uniformité du droit devrait exercer sur les développements des relations commerciales entre les pays Péninsulaires et la Grande Bretagne?

Le Gouvernement de Sa Majesté Très-Fidèle prie donc le Gouvernement de Sa Majesté Britannique de vouloir bien nommer une Commission d'Enquête tandis que les éléments les plus nécessaires pour un examen impartial de la question sont réunis à l'Exposition Internationale de Londres.

Inclosure 2 in No. 37.

Project of Law.

(Translation.)

Gentlemen,

THE basis of Commercial Treaties previous to 1860 was in general the treatment of the most favoured nation conditional or dependent on compensations. The Treaty concluded on the 23rd of that year between Great Britain and France, by establishing new bases, produced a great alteration in the conventional law and in the commercial system of Europe. Together with a general rule, partly prohibitive and partly strongly protective, France has established a conventional rule considerably liberal. So that the nations which wished and required to enjoy the benefit of that rule have necessarily been obliged to enter into negotiations with France, and to offer her compensations.

Various articles of our exportation were subject in France to duties perceptibly differential in relation to similar products of other nations. In attention to the just reclamations of agriculture and commerce, His Majesty's Government entered into negotiations with the French Government, and concluded the Treaty of 11th July, 1866. But at that epoch other nations had already concluded Commercial Treaties with France on the new basis of mutual reductions in the Custom-house duties, and also required compensations for the concession of the benefit of their respective Conventional Tariffs.

Under such circumstances we were obliged to follow the same system, retaining the benefit of the conventional rule as an element of negotiation, and not applying it except to those countries which offered us compensations. Now, however, when by means of the Treaties which have been presented to you, we have secured the treatment of the most favoured nation in those countries where Portuguese productions did not enjoy it, now, we may renounce that system without inconvenience.

It is true that the principal article of our exportation is still subject in Great Britain to a duty which, although according to the letter of the law and the intention of the legislator it ought to be general and equal for all similar products whatever their origin, nevertheless exercises the fatal influence of differential rules upon the international commerce. By virtue of an economic law, which no one can alter, exportation has a

tendency to adjust itself to importation, so that whatever restricts the one restricts the other, and, *vice versa*, whatever facilitates the one necessarily facilitates the other. By restricting the importation of the article most adapted to nourish our commerce with Great Britain, that rule is, without doubt, an obstacle to the improvement of the commercial relations between the two countries. In its anxiety to remove that obstacle, His Majesty's Government in 1866 entered into negotiations with Her Britannic Majesty's Government for a Treaty of Commerce which, having mutual concessions for its basis, should facilitate both importation and exportation at the same time. You know the history of those negotiations up to 1870, and the subsequent documents will be presented to you in due time. Negotiations of this nature are liable to delays which the best intentions of the Governments cannot shorten. But by facilitating from henceforth the importation from Great Britain into Portugal, we may expect that Her Britannic Majesty's Government will, on its part, do what it can to remove the obstacles which prevent the improvement of the commercial relations between the two countries.

From the economical and fiscal point of view, the application of the benefit of the Conventional Tariff to Great Britain, and to other countries which do not yet enjoy it, has no inconveniences, but rather advantages; it does not alter the present conditions of the competition of foreign productions with similar national productions, and it facilitates the proceedings of the Custom-houses.

With the object of securing those advantages our illustrious predecessors, the Marquis d'Avila and Senhor Carlos Bento da Silva, presented to you in August 1871, a project identical with that which we now have the honour of submitting to your consideration, and which we hope will meet with your approval:—

"Article 1. The Government is authorized to apply to Great Britain, and to al countries where Portuguese productions enjoy the treatment of the most favoured nation, the benefit of the Tariff B, annexed to the Treaty of July 11, 1866, between Portugal and France.

"Article 2. All laws to the contrary are revoked."

(Signed) JOAO DE ANDRADE CORVO.

Office of the Secretary of State for Foreign Affairs,
December 31, 1873.

No. 38.

The Earl of Derby to the Duke de Saldanha.

M. le Ministre, *Foreign Office, November* 24, 1874.

HER Majesty's Government have not failed to give their attentive consideration to the contents of your note, and its inclosure, of the 15th September last, where the desire of the Portuguese Government is expressed for the appointment of a Commission to inquire into the existing commercial relations between Great Britain and Portugal, with especial reference to the duties affecting Portuguese wines in this country.

I have now the honour to state to you that Her Majesty's Government, bearing in mind that the Government of Portugal attach especial importance to the question of the wine duties, and desirous to show, upon every opportunity, the friendly feeling entertained in this country towards Portugal, had already issued directions through the Commissioners of Customs that the samples of Portuguese wine at the International Exhibition, at South Kensington, should be tested by officers of that Department, with a view to ascertain the alcoholic strength of each of them. The Board of Customs, however, considered it undesirable that their officers should undertake the responsibility of expressing any opinion upon the quality or the wines so tested, or as to their probable adaptability, when more carefully prepared and ripened by time, to the requirements of the British market.

The wish of the Portuguese Government for a Commission to examine the qualities of the wines sent from that country, was, however, made known to the Royal Commissioners for the Exhibition. Those Commissioners, it appears, could not undertake such inquiry, but the Board of Customs have been informed that the Council of the Society of Arts has organized a Committee, under the Presidency of Lord Methuen, to examine and Report upon the quality of the wines at South Kensington.

This Committee will be furnished with duplicate samples, corresponding exactly with those sent to the Board of Customs; and Her Majesty's Government understand that a Report of their proceedings and opinions will be published.

The testing, for the purpose of ascertaining the alcoholic strength of the samples of wine sent to the Board of Customs from South Kensington, is now in progress; but, in

consequence of the large number of samples, and the care required in the operation, the process will not be completed until the expiration of some weeks. A Report, showing the result of the test, will then be prepared, and Her Majesty's Government will not fail to communicate a copy of it to the Government of Portugal.

Under these circumstances Her Majesty's Government are led to believe that the views of the Portuguese Government will have already, to a great extent, been met; and they would submit that no more practical result than can be arrived at by the two processes above-mentioned, would probably be attained by the appointment of any new Commission of Inquiry, either in this country or in Portugal. Her Majesty's Government would, therefore, suggest that no further steps should be taken until the result of these two modes of investigation by the Committee of the Society of Arts and by the Board of Customs shall have been completed. Her Majesty's Government will then be in a better position to determine whether any further measures should be taken for the purpose of giving effect to the wishes of the Portuguese Government in this matter.

I am, &c.
(Signed) DERBY.

No. 39.

The Earl of Derby to Mr. Cobbold.

Sir, *Foreign Office, November 25, 1874.*

WITH reference to previous correspondence, I transmit to you herewith, for your information, copies of a note from the Duke of Saldanha, and of the answer which has been returned thereto,* relative to a request on the part of the Portuguese Government, for the appointment of a Commission to inquire into the commercial relations of this country and Portugal, with especial reference to the duties charged in this country upon Portuguese wines.

I am, &c.
(For the Earl of Derby),
(Signed) T. V. LISTER.

No. 40.

The Duke of Saldanha to the Earl of Derby.—(Received December 8.)

(Translation.)

Excellency, *London, December 1, 1874.*

I HAVE the honour of acknowledging the receipt of your Excellency's despatch of 24th November last, informing me that Her Britannic Majesty's Government had paid all due attention to the despatch of 15th September from this Legation, respecting the appointment of a Special Commission for the examination of Portuguese wines, and of the question of the differential duty with which they are charged, and signifying to me that, in order to lose no opportunity of manifesting the friendly feelings which animate Great Britain towards Portugal, the British Government, aware of the importance which the Portuguese Government attaches to this serious subject, had given directions to the Board of Customs to have the Portuguese wines which were sent to the International Exhibition at Kensington tested, to verify the nature of their alcoholic strength, the officers of that department having declined to give an opinion as to the quality of the wines and their suitability for the consumption here, when more ripened by time and better prepared for the requirements of the English market.

Notwithstanding, the wishes of the Portuguese Government respecting the said Commission were submitted to the Royal Commissioners of Great Britain at the International Exhibition, who thought they could not undertake that service, but the above-mentioned Board of Customs had received information that the Society of Arts had formed a Committee to give its opinion on the wines shown at the Exhibition, which Committee will receive for that purpose duplicate samples, similar in all respects to those which were sent to the Board of Customs, Her Britannic Majesty's Government having received information that the report of these proceedings and investigations will be published.

* Nos. 37 and 38.

In regard to testing the wines sent to the Board of Customs in order to verify their alcoholic strength, your Excellency's despatch says that it has already been commenced, and that as the number of the samples is large, and the attention to the operation will require time, it cannot be concluded for some weeks, and then the report thereon will be made, which the British Government will communicate without delay to that of His Most Faithful Majesty, your Excellency being of opinion that the desires of the Portuguese Government will be in great part satisfied in this manner, since the appointment of the wished-for Commission would not give any more advantageous result than can be obtained by the processes already indicated, and therefore your Excellency intimates that it will be expedient to await the result of these investigations by the Board of Customs and the Society of Arts, before trying any other means in this matter, as Her Britannic Majesty's Government will then be better able to resolve and judge as to the decision which is to be come to in regard to the proposal of the Portuguese Government.

It is my duty to thank your Excellency for the cordial expressions of friendship and for the prompt attention which the proposal of His Most Faithful Majesty's Government has met with from the Government of Her Britannic Majesty; the Portuguese Government, on its part, does not undervalue any occasion for manifesting, as far as it can, its sincere and constant desires to promote the commercial interests of the two countries, and to draw still closer by every means the same relations of friendship which unite them.

I shall, with much satisfaction and as in duty bound, give His Most Faithful Majesty's Government immediate information of your Excellency's despatch, which appears to me to confirm the expediency of appointing the proposed Commission, for though Her Britannic Majesty's Government does not think it fitting to appoint a Commission now, before the Board of Customs has examined the alcoholic nature of the wines, and the Society of Arts has reported on their merits and qualities, it is certain that when these reports shall have been received, the said Government, which waits until then to decide what is to be done in regard to the aforesaid proposal, will recognize the advantage and necessity of acceding to it.

But allow me still to submit to your Excellency's enlightened appreciation some observations in favour and support of the opportuneness with which His Most Faithful Majesty's Government has suggested, and still urges at present, the appointment of the desired Commission.

The opinion, or report, which the Society of Arts is to give upon the quality of the Portuguese wines and their suitability for the English market, and which the Board of Customs has refused to furnish for fear of giving a premature or ill-founded opinion, may, in effect, suffer from the same reasons which induced that Department of State to decline the examination which the British Government yet thought so necessary as to give directions for it, and which is now to be obtained from the Society of Arts.

In truth, the Board of Customs lacked the very special information and the aid of prompt explanations, which could only be supplied to it by His Most Faithful Majesty's Government by means of its special Commissioners, and with which the Board of Customs would certainly not encounter the obstacles which were the cause of the refusal mentioned in your Excellency's despatch, and the obstacles which exist for the Committee of the Society of Arts may, as I have said, have very great influence on the opinion and conclusions to be presented by the said Committee, whose proceedings are of the more importance to the Portuguese Government inasmuch as your Excellency's despatch indicates that upon them the British Government will form its resolution.

And because this is of exceeding interest to His Most Faithful Majesty's Government in a matter of such seriousness for the two countries, your Excellency will certainly not be surprised at my persistence and the manifestation of my great anxiety to assist in the best and readiest way that I can the pending proceedings and examination.

From your Excellency's despatch I infer, that the opinion founded on those proceedings, to be given by the Society of Arts, will have the same authority and force with Her Britannic Majesty's Government as if it had been given by the Board of Customs, and therefore, notwithstanding the Commission which is to act subsequently if the result of the said investigations should be, as I hope, that the British Government accedes to the proposal of His Most Faithful Majesty's Government. It now appears to me, and I submit to your Excellency, how advantageous it would be to add to the Committee of the Society of Arts a Commissioner and Reporter on the part of the Portuguese Government, to facilitate the necessary investigations, and to afford that indispensable information without which the result of all the proceedings may be imperfect and the Report incomplete, as feared by the Board of Customs, but which would be prevented by the proposal of the Portuguese Government, which I now have the honour of stating to your Excellency with reference to

the said Committee of the Society of Arts, on which the resolution of the British Government subsequently depends.

I avail, &c.
(Signed) SALDANHA.

No. 41.

The Earl of Derby to the Duke de Saldanha.

M. le Ministre, *Foreign Office, December* 14, 1874.

I HAVE the honour to acknowledge the receipt of your note of the 1st instant, expressing the wish of the Portuguese Government that they should be represented by a Commissioner at the Committee formed by the Society of Arts for the purpose of examining Portuguese wines; and I beg, in reply, to assure you that I have lost no time in referring this communication to the proper Department of Her Majesty's Government.

I am, &c.
(Signed) DERBY.

No. 42.

The Earl of Derby to Mr. Cobbold.

Sir, *Foreign Office, January* 2, 1875.

WITH reference to my despatch of the 25th of November last, I transmit to you copies of a further note which has been addressed to me by the Marshal, Duke of Saldanha,* respecting the duties on Portuguese wines imported into this country.

I am, &c.
(For the Earl of Derby),
(Signed) ROBERT BOURKE.

No. 43.

The Earl of Derby to the Duke de Saldanha.

M. le Maréchal, *Foreign Office, January* 30, 1875.

WITH reference to my note of the 14th of December, I have the honour to inform you that I have been in communication with the Lords of the Treasury with reference to your note of the 1st of that month, and I now beg to offer to you the following observations thereupon.

There appears to be reason to think that you have to some extent mistaken the purport of the communication which I had the honour to address to you on the 24th of November last.

Her Majesty's Government consider it undesirable that the Officers of Customs should undertake the responsibility of expressing an opinion upon the qualities of the wine of which they test the strength, or as to the probable adaptability of these wines to the requirements of the English market, not for want of information, which the Portuguese Government could supply, but because this task would have been beyond the proper functions of those officers. The Commissioner in charge of the Portuguese wines at the Exhibition offered to furnish any information which might be required; but, on full consideration of the subject, the inquiry which Her Majesty's Government were requested to undertake was found to be beyond the functions of Government in this country.

With respect to your observations relative to the Committee which the Society of Arts has appointed to examine and report on the qualities of the wines at South Kensington, I have to point out that the Society of Arts is a self-elected body, wholly independent of, and unconnected with, the Government, which takes an interest in the encouragement of the arts, manufactures, and commerce. Her Majesty's Government possess no knowledge either as to the nature of the Report which the Society's Committee may make, nor as to the form in which it will be published. That Report will be made to the Council of the Society, not to Her Majesty's Government; and although they will not

* No. 40.

fail to consider the Report, they cannot pledge themselves in any way with regard to the recommendations which may be made in it. Having made this explanation, I shall, however, have much pleasure in furnishing any person whom you may wish to place in communication with the Society of Arts with a letter of introduction.

I am, &c.
(Signed) DERBY.

No. 44.

The Duke de Saldanha to the Earl of Derby.—(Received February 2.)

(Translation.)

Excellency, *Portuguese Legation, January 27, 1875.*

AS a supplement to my despatch of 1st December last, I have now the honour of informing your Excellency of that which I have just received from the Government of His Most Faithful Majesty dated the 29th ultimo, and expressing the thanks which I had given in its name in that communication of mine, in acknowledgment of the consideration which your Excellency and the British Government have been pleased to bestow upon the proposal for the appointment of a Commission of Inquiry, for the purpose of aiding in the necessary investigations for the study and accurate elucidation of the question of the duties on the Portuguese wines subject to the present system of the alcoholic scale.

Renewing thus, in the name of His Most Faithful Majesty's Government, the cordial expressions with which its despatch referred to testifies the very high appreciation in which it holds the proof of friendship on this occasion again received from Her Britannic Majesty's Government, I beg your Excellency to believe that it is extremely agreeable to me to be the interpreter of such sentiments, and the promoter of negotiations carried on in such excellent harmony, and from which must necessarily result that reciprocal advantage to the two countries which it is the earnest desire of both to insure.

It is also my duty on this occasion to beg leave of your Excellency to confirm and to recall to mind the observations which I submitted in my aforesaid despatch, urging the expediency of appointing some one at once, on the part of my august Sovereign's Government, to assist here with prompt and certainly indispensable information, not only the officers of the Board of Customs engaged in the examination of the alcoholic strength of the Portuguese wines from the samples submitted to them, but also the Committee of the Society of Arts, which has to give an opinion from identical samples, as to the quality of those wines and their suitability for the English market and consumption.

Although this appointment may hereafter be advantageous for the labours which have to be submitted to the Commission of Inquiry which we solicit, if Her Britannic Majesty's Government complies with our wishes, as I hope will be the case on the terms indicated in your Excellency's despatch of 24th November last, nevertheless it is a very distinct and abundantly pressing necessity to have, under the present circumstances, a suitable Commissioner to attend the investigation and inquiries which are in progress by those two Departments, and which will produce results less tardy and more certain, if, as any doubts may happen to arise, there shall be immediately at hand that technical information and those special explanations which the Government of His Most Faithful Majesty wishes and feels bound to afford in order to facilitate the successful issue of these processes of examination.

In fact, very various reasons present themselves, which certainly will not have escaped your Excellency's penetration, to convince the Portuguese Government that the samples which are to be subjected to the analysis in question, without the aid of further explanation and without the assurance that they have not undergone alteration which may, perhaps, have deteriorated the specimen of production which they ought to represent, may be a very defective basis for forming a judgment and coming to a decision so important as that which is to be involved in the opinion to be given by the Board of Customs and the Society of Arts, thus deficient in accurate and useful information, and risking the formation of an opinion the less correct because the less enlightened.

All this will be remedied by the appointment, which I again very earnestly beg your Excellency to consent to, of a suitable Commissioner, to co-operate at once in the prosecution of these labours, and to give all the aid that may be required therein.

This is in no way opposed to the wishes of Her Britannic Majesty's Government and the action already initiated by it, the result of which the Portuguese Government awaits with anxiety, but only tends to support them, and also affords to His Most Faithful Majesty's Government a valuable means of protecting the national interests, now on this

point depending on the opinion which shall be formed by the Board of Customs and the Society of Arts, and which, as your Excellency's exalted understanding and just feeling will admit, ought not to suffer detriment for want of due and complete information.

It would be very desirable, then, that those two Departments having immediate knowledge of what I have just explained to your Excellency should be forewarned of the merit or possible demerit of the samples sent to them, and should hear the Government Commissioner on all cases of doubt that arise, as well as the indispensable explanations relative to the production and the various modes of manufacturing the Portuguese wines.

His Most Faithful Majesty's Government trusts to meet with attention in this earnest application, the urgency of which is more apparent since the tests and examinations referred to are progressing without the suggested assistance which is as natural as it is necessary.

I have, &c.
(Signed) SALDHANA.

No. 45.

Mr. Cobbold to the Earl of Derby.—(Received February 3.)

(Extract.) *Lisbon, January* 28, 1875.

WITH reference to my despatch of the 10th of August last, I have the honour to inform your Lordship that the Portuguese Minister for Foreign Affairs renewed in the Chamber of Deputies on the 19th instant his Project of Law for granting to England and other countries where the products of Portugal enjoy the treatment of the most favoured nation, the privileges of Tariff (B) annexed to the French-Portuguese Treaty of the 11th of July, 1866.

No. 46.

Mr. Cobbold to the Earl of Derby.—(Received February 3.)

My Lord, *Lisbon, January* 28, 1875.

WITH reference to my other despatch of this date, I have the honour to transmit herewith to your Lordship a translation of the Bill (laid before the Chamber of Deputies) extending to Great Britain and to other countries where Portuguese products enjoy the most-favoured-nation treatment, the Tariff (B) annexed to the Franco-Portuguese Treaty of 11th July, 1866, as well as of the Report of the Minister of Foreign Affairs which precedes it.

I may add that the Report and Bill in question are exactly the same as those which were submitted to the Chamber of Deputies last year.

I have, &c.
(Signed) T. CLEMENT COBBOLD.

Inclosure in No. 46.

Project of Law (Bill) again introduced into the Chamber of Deputies by Senhor Corvo on January 19, 1875.

(Translation.)

(Omitted in the Report of the Sittings of the 20th January, 1875, when the Bill was read a second time, and published in the Report of the Sittings of January 25, 1875.)

Gentlemen,

COMMERCIAL Treaties previous to 1860 were, in general, based upon the most-favoured-nation treatment, such a clause being, however, conditional or subject to compensations. The Treaty concluded on the 23rd (of January) of that year between Great Britain and France, by establishing new bases, produced a great change in the form of Commercial Treaties and in the commercial system of Europe. While maintaining a general Tariff which was partly prohibitive and partly protective, France established a Conventional Tariff which was exceedingly liberal. By this means all nations that desired

and required to enjoy the advantages of this Tariff were naturally compelled to enter into negotiations with France, and to offer her compensations.

Several of our articles of exportation were subject in France to duties which were notably differential in comparison with the similar products of other nations. In view of the just complaints of the agricultural and commercial interests, the Government of His Majesty commenced negotiations with the French Government, and concluded the Treaty of the 11th of July, 1866. But at this date other nations had already concluded Commercial Treaties with France upon the new basis of mutual reductions in the Customs duties, and they likewise claimed compensations in return for the concession of their respective Treaty Tariffs.

Under such circumstances it became compulsory upon us to follow the same system, and reserve the advantages of the Treaty Tariffs as an element of negotiation, and only to accord them to those countries that should offer us some compensations. At present, however, having, by means of the Treaties which have been laid before you, secured the most-favoured-nation treatment in those countries where Portuguese products did not enjoy the same, we can without any inconvenience give up this system.

It is true that our chief article ofexportation is still subject in Great Britain to a rate of duty which, although it ought, according to the letter of the law and to the intention of the legislator, to be general and equal upon all similar products irrespective of their origin, does nevertheless exercise the fatal influence of a differential duty upon the international trade. In virtue of a law of pnblic economy, which it is not in the power of anybody to alter, exportation has a tendency to equalize the importation into a country, so that whatever acts as a restriction upon the one will necessarily restrict the other, and, *vice versâ*, whatever facilitates the one will necessarily facilitate the other. By restricting the importation of the article which is best adaptcd to foster our trade with Great Britain, that duty is doubtless an obstacle to the improvement of the commercial relations between the two countries. For the purpose of the abolition thereof His Majesty's Government commenced in 1866, with that of Her Britannic Majesty, negotiations for a Commercial Treaty which, on the basis of mutual concessions, would facilitate at thc same time both the importation and the exportation. You are acquainted with the history of these negotiations up to 1870, and in due time the documents subsequent to that date shall be communicated to you. Negotiations of this kind are liable to delays which, even with the best will, it is not in the power of a Government to shorten. However, by facilitating at once the importation from Great Britain to Portugal, we have reason to hope that Her Britannic Majesty's Government will, on their part, do whatever may be in their power to remove the obstacles which prevent the improvement of the commercial relations between the two countries.

From a financial and fiscal point of view, the extension of the advantages contained in the Treaty Tariff to Great Britain and to other countries that do not enjoy the same is attended with no inconvenience, and is, on the contrary, rather advantageous; it does not alter the actual conditions of the competition between any foreign products and the similar products of this country, and, at the same time, it facilitates the work in the Custom-houses.

With the object of securing these advantages, (my) illustrious predecessors the Marquis d'Avila and Senhor Carlos Bento da Silva laid before you, in August 1871, an identic measure to that which I have the honour this day to submit to your consideration, and which I hope will meet with your approval.

Bill.

Article 1. The Government is hereby empowered to extend to Great Britain and to all other countries where Portuguese products enjoy the most-favoured-nation treatment, the advantages contained in Tariff (B) annexed to the Treaty of 11th July, 1866, between Portugal and France.

Art. 2. All legislation to the contrary is hereby revoked.

(Signed) JOAO DE ANDRADE CORVO.

Foreign Department, Lisbon, December 31, 1873.

[N.B.—The Bill was referred to the respective Committees of the Chamber of Deputies.]

No. 47.

The Earl of Derby to Mr. Cobbold.

Sir, *Foreign Office, February* 9, 1875.

I HAVE received your despatch of the 28th ultimo, inclosing a translation of the Bill which has been laid before the Portuguese Chamber of Deputies, extending to Great Britain and to other countries where Portuguese products enjoy the most-favoured-nation treatment, the Tariff (B) annexed to the Franco-Portuguese Treaty of the 11th July, 1866; and I have to instruct you to express to the Government of Portugal the satisfaction with which Her Majesty's Government have learnt that the Bill in question has been introduced into the Cortes.

I am, &c.
(Signed) DERBY.

No. 48.

The Earl of Derby to the Duke de Saldanha.

M. le Maréchal, *Foreign Office, February* 10, 1875.

I HAVE the honour to acknowledge the receipt of your note of the 27th of January, and, in reply, I beg to refer you to my note of the 30th of that month, which crossed your communication, and in which I expressed my readiness to furnish any person whom you may wish to attend the Committee of the Society of Arts for making inquiries relative to the Portuguese wines, with a letter of introduction for that purpose.

I am, &c.
(Signed) DERBY.

No. 49.

The Duke of Saldanha to the Earl of Derby.—(Received March 9.)

(Translation.)

Excellency, *Portuguese Legation, March* 5, 1875.

I HAVE to acknowledge the despatch which I have had the honour of receiving from your Excellency, dated 30th January last, in which your Excellency, referring to your note of 14th December last, is pleased to make some observations to me respecting my communication of the 1st of the same month, with which I replied to your Excellency's esteemed note of 24th November, the tenor of which your Excellency thinks you have reason to suppose was up to a certain point erroneously interpreted. Before attending, as I am bound, to this part of the said despatch, I must again return thanks for the fresh proof of your Excellency's goodwill and that of Her Britannic Majesty's Government, which your Excellency evinces in telling me that you will with much pleasure recommend to the Society of Arts the person whom His Most Faithful Majesty's Government may select to enter into communication with that Society.

Having laid the contents of your Excellency's despatch before my Government, I await its orders and resolutions, and as soon as I receive them I will give your Excellency due information of them.

Now, with reference to the observations referred to, which I owe to your Excellency's kindness, and the purpose of which is to explain to me the sense of your Excellency's note of the 24th of November, which I, it appears, misunderstood, but which is now clearly explained, I beg your Excellency to excuse me for not having been able to understand the note thus at once; and, in order to justify the interpretation which I put upon it, your Excellency will allow me to cite those passages of the said note, to which this otherwise unimportant difference is owing, that has occasioned your Excellency's remark and explanations.

That document says that, "in the endeavour to meet the wishes expressed by the Portuguese Government, Her Britannic Majesty's Government had already issued instructions to the Custom-house Commission to have the samples of Portuguese wines at the International Exhibition, South Kensington, tested by the officers of that department, for the purpose of ascertaining the alcoholic strength of each, but that the Board of Customs had thought it better that the officers should not undertake the responsibility of

passing an opinion on the quality of the wines so tested, or upon their probable suitability to the requirements of the English market, if they were more carefully prepared or more matured by time."

From this I gathered that the examination proposed by the Portuguese Government for the Commission of Inquiry might be within the competency of the said Board, and that the British Government in that note had, to comply with our wishes, entrusted it to the Board of Customs, and I therefore understood that the reason why the Board thought it undesirable to take the responsibility of a part, and the most important part, of the examination, might be, perhaps, that it had not the information which would enable it to give its opinion; and that information His Most Faithful Majesty's Government not only desired and still desires to afford, but also considers it indispensable, because without it the result of the whole examination may be very incorrect and injurious to the merits of our wines, as from the like deficiency of information the system now in force is so prejudicial and unjust, and so injurious to the two countries.

But your Excellency tells me in your note that the only reason why the Board declined was that the required examination is not within the regular functions of that Department nor in those of the Government, and in that case it is useless for me to press this part of my request.

I ought, however, to represent to your Excellency, and submit it to your impartial and enlightened judgment, that since the British Government has no Department that is officially competent to undertake the desired and necessary examination, it is the more desirable that a Special Commission, with the requisite powers for such an undertaking, should be appointed, as the Portuguese Government so earnestly requests; then that part of the examination which the Board of Customs cannot legally undertake would be supplied; and it appears that there is no other official Department that can undertake such an examination, because Her Britannic Majesty's Government would certainly prefer the work of an official Department to the extra-official aid which the Society of Arts can afford.

Now, with reference to this Society, your Excellency observes, in your last note, that it is an institution independent of the Government, and that its reports, of an entirely private nature, are not made for the Government, which, notwithstanding its resolution to take them into consideration, in no way binds or engages itself in regard to the conclusions they may contain.

In the aforesaid despatch of 24th November your Excellency, after announcing to me the refusal of the Board of Customs, was pleased to say as follows:—

"The desire of the Portuguese Government to obtain a Commission for the examination of the qualities of the wines sent was, however, communicated to the Royal Commissioners of the Exhibition, who, it appears, could not undertake that inquiry, but the Board of Customs is informed that the Society of Arts has organized a Committee for the examination of the wines at South Kensington, and the Committee will be furnished with a duplicate of the samples, exactly corresponding with those which the Board of Customs has, and Her Majesty's Government knows that the report of the proceedings and opinions of the said Committee of the Society of Arts is to be published."

Your Excellency afterwards adds:—

"Under these circumstances Her Majesty's Government believes that the wishes of the Portuguese Government are in great part fulfilled, and is of opinion that no better practical result than that which may be obtained by the two processes above mentioned would probably be afforded by the appointment of a new Committee of Inquiry, whether in this country or in Portugal. Her Majesty's Government suggests then that no further step be taken in the matter until the result of the two modes of investigation by the Committee of the Society of Arts, and by the Board of Customs, is known; and then Her Majesty's Government will be in a better position to decide whether any other proceedings are to be taken to comply with the wishes of the Portuguese Government."

From these words of your Excellency's, I supposed that, as the desired Committee of Inquiry was not yet to be appointed, and as the Board of Customs could not undertake the examination which is acknowledged to be necessary, the British Government intended to avail itself of and to adopt the opinion of the Society of Arts' Committee, although it is not a Government Department, and it is the opinion and aid of such a Department only that His Most Faithful Majesty's Government requires, and still with friendly and justifiable earnestness solicits, in this very important affair for the interests of the two countries.

Your Excellency will grant me on this point that, if the opinion and labour of the Society of Arts were not to be as quasi-official, and to serve as a basis for the decision of the Government, because its own Departments could not legally give an opinion, it was

hardly worth while for your Excellency to have mentioned them, and to have placed them on a par with those of the Customs Board; and, above all, when the result of the two is compared with and considered superior to that of the Committee of Inquiry which His Most Faithful Majesty's Government has asked for, I understand, as well as my Government, that Her Britannic Majesty's Government held both in equal account; and from this your Excellency will easily understand the reason of our anxiety to furnish both with the information which we consider indispensable.

In what I have here stated, my only wish is to justify the divergency which your Excellency points out between my answers to the note of the 14th November and its contents, as your Excellency has now had the goodness to explain them to me, and thus your Excellency will see how involuntary that interpretation of mine was on my part; fortunately it has no influence at all on the principal part of the pending affairs, and only confirms the proposition, in which I earnestly hope your Excellency will agree with me, that as it is certain that the British Government cannot by means of its ordinary Departments promote the necessary examinations for the satisfactory settlement of this important question, the only expedient is to grant what His Most Faithful Majesty's Government requests, that is, the Committee of Inquiry.

By this means the investigations would be immensely facilitated; they would acquire the weight and technical and official authority which they cannot dispense with; both Governments would be enabled to go thoroughly into the merits of the question with that assurance of opinions and equality of materials which such important interests demand, and no one would run any risk or suffer any damage by such an arrangement, whatever might be the final result of the proceedings. Both Governments would acquire a public right to the gratitude of the two nations whose destinies are happily entrusted to them, by showing once more that neither Her Britannic Majesty's Government nor that of His Most Faithful Majesty spares any efforts or practices any delay in the adoption of reasonable expedients.

Congratulating myself on having had this opportunity of showing your Excellency how much I respect and esteem the two notes, and my desire to interpret them properly, I will not conclude without recommending these my observations very particularly to your Excellency's attention and judgment, in order that some more decided and profitable impulse may be given to this question from which English commerce and Portuguese agriculture have so much to expect.

I have, &c.
(Signed) SALDANHA.

No. 50.

The Earl of Derby to the Duke of Saldanha.

M. le Ministre, *Foreign Office, March* 13, 1875.

I HAVE the honour to acknowledge the receipt of your note of the 5th instant, containing further observations with regard to the question of appointing a Commission for the purpose of examining Portuguese wines; and I beg, in reply, to acquaint you that I have referred the same to the proper Department of Her Majesty's Government.

I am, &c.
(Signed) DERBY.

No. 51.

Mr. Cobbold to the Earl of Derby.—(Received April 13.)

(Extract.) *Lisbon, April* 3, 1875.

IT is with much regret that I have to inform your Lordship that the Bill for extending to Great Britain the privileges of Tariff B, annexed to the Franco-Portuguese Treaty of July 11, 1866, which passed the Chamber of Deputies, has not passed the Chamber of Peers.

I fear now that the passing of this Bill must now be delayed until the next session in January 1876.

No. 52.

The Earl of Derby to the Duc de Saldanha.

M. le Ministre, *Foreign Office, April* 14, 1875.

WITH reference to my note of the 13th ultimo, I have the honour to acquaint you that Her Majesty's Government have given their attentive consideration to the further arguments contained in your note of the 5th ultimo, relative to the question of the appointment by Her Majesty's Government of a Committee for the purpose of inquiring into the strength and quality of Portuguese wines.

I would here beg to refer you to my note of the 30th of January last, wherein were fully set forth the reasons which led Her Majesty's Government to consider it unadvisable that the examination of Portuguese wines should be undertaken by the officers of Customs, and that those officers should be called upon to express any opinion on the values or qualities of the said wines, or of their possible adaptability to the requirements of the British market.

In now expressing to you the regret of Her Majesty's Government that they fail to gather, from a consideration of your note of the 5th ultimo, reasons of a nature sufficient to lead them to a conclusion on this subject different from that which has already been communicated to you, I have the honour to observe that Her Majesty's Government have arrived at this decision, not, as would appear to be apprehended by the Portuguese Government, by reason of their possessing no department officially competent to undertake the desired and necessary examinations of the wines, but rather because they think it unadvisable that any official opinion on their part should be given on the quality of wines which would affect their value in the trade, and might give just dissatisfaction to those growers and traders who might differ from the opinion given.

I have, &c.
(Signed) DERBY.

No. 53.

Lord Lytton to the Earl of Derby.—(Received January 4, 1876.)

My Lord, *Lisbon, December* 28, 1875.

I HAVE only just received the inclosed communications from the Portugese Minister for Foreign Affairs, and have not time to forward them to your Lordship with any comment on own part by the present mail.

I have, &c.
(Signed) LYTTON.

Inclosure 1 in No. 53.

Senhor Corvo to Lord Lytton.

(Translation.) *Foreign Department, Lisbon, December* 23, 1875.

M. JOAO DE ANDRADE CORVO has the honour to present his best compliments to Lord Lytton, and to forward herewith to his Excellency a copy of the *note verbale* which he this day instructs Marshal the Duke of Saldanha to address to the Earl of Derby—requesting his Excellency at the same time to take cognizance of the matter treated in the said *note verbale*—upon which he wishes to speak to him in one of the next conferences.

Inclosure 2 in No. 53.

Note-Verbale.

THE Government of His Most Faithful Majesty, being desirous of improving the commercial relations between Portugal and Great Britain, and meeting with an obstacle, which they cannot overcome by any efforts of their own, in the system of import duty on wines in force there, have on several occasions applied to Her Britannic Majesty's Government for an alteration of that system. The Cabinet of London have, however,

presented several objections, some of which subsequently appeared to the very Departments of the Government that had made them to be unmaintainable, and others were looked upon by the Government of His Most Faithful Majesty to be so void of any solid foundation that they would hardly be able to resist any impartial inquiry or any discussion upon the opinions to be contrary before a committee composed of persons exempt from any prejudice upon this matter.

Under these circumstances, and with this object in view, the Government of His Most Faithful Majesty requested that of Her Britannic Majesty to appoint a Committee of Inquiry.

Lord Derby states in a note addressed to Marshal Saldanha, on the 14th of April of this year, that Her Britannic Majesty's Government could not appoint a Committee to inquire into and to report upon the alcoholic strength and qualities of Portugese wines, inasmuch as he considered it inexpedient that any Public Department should give an opinion that might influence the value of Portuguese wines, because this would afford a just ground of displeasure to the growers or merchants that might have different interests or hold different opinions.

His Majesty's Government were well aware that no Public Department of Great Britain could be charged with the task of giving an official opinion upon the relative merits of Portugese wines with a view to influencing their price in the market, or to give them any advantage in competition with other wines ; it never was and never could be their intention to ask for any such thing from the Government of Her Britannic Majesty.

His Majesty's Government regret that their application, perhaps owing to its not having been clearly worded, was not well understood by Her Britannic Majesty's Government, and they regret it the more as they are still convinced that if the request they made had been properly appreciated with reference to the motives which prompted it, and to the object for which it was intended, it would not have been refused. And therefore they beg leave to declare that what they asked for so urgently was an entirely different thing from what is ascribed to them in Lord Derby's said note, and which still appears to them at this day to be perfectly fair, and in accordance with the administrative practice of Great Britain, namely, that the question as to whether the limit for the 1*s*. duty could be raised so as to include the commercial wines of the three Peninsula and Southern Countries, which are adapted for a large consumption, without the slightest loss to the British Exchequer, and to the great advantage of international trade, should be submitted to an impartial inquiry.

When it was a question of altering the old system of import duty on wines in Great Britain, Mr. Gladstone said :—"There is a power of unbounded supply of wine, if you only alter your law ; and there is a power, I will not say of unbounded demand, but of an enormously increased demand, for this most useful and valuable commodity in all its various descriptions." And when at a later period that illustrious statesman was endeavouring to induce Parliament to raise the limit for the 1*s*. duty from 18 to 26 degrees, he said :—"What we want under a system of this kind is to secure, as far as we can secure, the application of the low duty of 1*s*. to what I have called natural wine." And defining what he understood for natural wine, he added, "When I speak of natural wine, I mean wine with only so much spirit added as is necessary to make it a merchantable commodity for the general markets of the world."

It appears to His Majesty's Government that it would be easy to prove before a Committee of inquiry :—

1. That the wines of the Peninsula Countries, on account of their abundance, cheapness, variety, and excellent qualities, are eminently adapted to satisfy the enormously increased demand of the English markets, and to develop to a great extent the trade between those countries and Great Britain.

2. That these wines, and especially the "generous" wines, which already constitute, and will always constitute, the chief articles of exportation from those countries to Great Britain, cannot be properly prepared with less than 26 degrees, for otherwise they are not saleable in any market in the world.

Now if this were proved, it might be hoped that adhesion to principals, and the spirit of justice of which the British Government so very justly boast, would induce them to extend to Peninsula wines the application of the more favourable 1*s*. duty.

It did not appertain to the Portuguese Government to point out the manner in which the Committee was to be composed, and the points which it was expedient should be submitted to inquiry were naturally suggested by the previous discussion. In the correspondence addressed to Lord Derby upon this matter, the points above referred to were mentioned, as well as others which stood more in need of the inquiry. This was done solely in order to show, on the one hand, that the fact of an Exhibition having been

opened in London, where the most necessary elements to enlighten them were to be found collected, would afford the Committee a rare opportunity; and on the other hand, that the investigations committed to the Society of Arts, and to the London Custom-house, could not satisfy the end which both Governments ought to have in view, that is, to clear up, in its several aspects, and by the best means possible, a question which has long been under discussion, and the solution of which is a matter of great importance to several valuable interests. It was not and could not have been the intention of His Majesty's Government to ask the British Government to instruct a Public Department or a Special Committee to give an opinion as to the qualities or the relative merits of Portuguese wines.

In the inquiry made by order of Parliament in London in 1852, upon the system of import duties on wines then in force, several questions were discussed, and inquiry was made into some facts of the same nature of those which the Portuguese Government desired should be examined; nevertheless, the Committee charged with this inquiry did not give, and did not require to give, an opinion upon every point upon which the opinions of the parties examined differed. In the same manner, the Committee which Her Britannic Majesty's Government might appoint to carry out a similar inquiry, would not require to give an opinion upon all controverted points; it would be sufficient to conduct the inquiry upon the several points which it is more expedient should be elucidated in order to enable the Government of Her Britannic Majesty to adopt a just decision upon the question of the alteration of the alcoholic scale. It would be for the interested parties to prove before the Committee the facts upon which their arrangements are based.

That all countries which derive one of their principal sources of revenue from Excise require, as a protection against fraud, to adopt the alcoholic scale, and to lay down a limit so as to distinguish alcohol from wine, with a view to the levying of the proper rate of duty, is a fact which nobody contests. Great Britain is not, however, the only country where the excise constitutes one of the principal sources of the public revenue, and nevertheless, the system of import duty in force there, is a singular system which differs essentially from the system adopted in other countries, which also require to protect their revenue derived from excise. Those countries which possess in their fiscal legislation a sufficient guarantee against the dangers of illicit distillation have established a uniform duty for all wines, even those which are most *bonâ fide* alcoholized; and upon those which exceed the limit thus fixed they levy a duty corresponding to the alcohol which they contain, or else they confiscate them as beverages that have been falsified.

Such is the system adopted in the United States, where the limit for the uniform duty on wine is fixed at 24 degrees of absolute alcohol, or 42 degrees of proof spirit.

Those countries which think that they do not possess in their Excise Regulations effectual means to repress illicit distillation, fix the limit for the uniform duty at a degree which will include the greater part of the commercial wines of every country, and upon those which exceed that degree they impose an additional tax in proportion to the additional quantity of alcohol which they contain. Such is the system adopted in Holland and Belgium. Holland had fixed the limit for the uniform duty upon wine at 18 degrees of absolute alcohol, but on the occasion of concluding the Commercial Treaty with Portugal, she consented to raise that limit from 18 to 21 degrees of absolute alcohol, which corresponds to about 37 degrees of proof spirit. Belgium, although she was convinced that her fiscal legislation does not provide sufficient means to prevent the illicit distillation of factitious wines, in the Treaty which she recently concluded with Portugal, she consented to modify her system of import duties so that wine containing more than 21 degrees of absolute alcohol has to pay an additional tax equal to about $\frac{1}{100}$th of the duty on alcohol, instead of the total amount of that duty as formerly.

The system followed in Great Britain fixes the limit for the more favourable duty of 1*s.* at a degree which, while it includes nearly all the French wines, excludes nearly all the commercial wines which have been hitherto exported from Portugal, Spain, and Italy, and imposes upon those which contain the slightest fraction of a degree over and above that limit an additional tax of 150 per cent. And what grounds are alleged for continuing this system? The answer is: Fiscal justice requires that all foreign alcohol imported into Great Britain, under any form whatsoever, whether it be pure or mixed up with other substances, so as to constitute other products, shall pay the same duty as native alcohol. In order to comply with this precept of fiscal justice, it is necessary to distinguish the wines which are not the pure and simple product of the fermentation of the grape—the only ones that can be called natural—from those which are prepared with alcohol, and to impose upon them different duties.

The investigations which have been made prove that the fairest limit for fixing this distinction is that of 26 degrees of proof spirit. If the wines containing more than

26 degrees did not pay an additional duty of 150 per cent., they might be applied to all the purposes to which alcohol is applied, which would involve a serious loss to the Exchequer, and an atrocious injustice to the native producers. On the other hand, the rich classes, who can buy strong-bodied wines, would pay for the alcohol contained therein a much smaller rate of duty than they poorer clases pay for the pure alcohol which they consume, which would involve an intolerable violation of the equality that ought to subsist before the Fiscal Law. Such is the substance of the grounds which are at present adduced as a justification of alcoholic scale at present in force.

But in a question which involves the most important interests of trade between Great Britain and three nations, her friends and allies, surely the British Government will not take for granted what still remains to be proved, and will not consent that the wish which they have expressed of obtaining a solution of the question, if not in the most favourable manner, at least in such a manner as may be satisfactorily accounted for, should always be met by certain objections which have either already been refuted, or else are based upon facts which require further investigation and proof, and cannot therefore lead to any convincing and satisfactory conclusion.

Now not only it is not proved that alcohol mixed with wine can, in this state, or without previous distillation, be applied to all the uses to which pure alcohol is applied; but, on the contrary, according to correct inductions and trustworthy information, it would appear that there is not a single use to which wine, although highly alcoholized, can be applied, instead of alcohol, with any considerable loss to the Exchequer or to the native producers. As beverages, the two liquids possess tastes and physiological effects of an entirely different nature; and if one could be substituted for the other, a slight difference in the cost of wine would certainly not suffice to produce this substitution.

As a raw material for liqueurs and for chemical products, factitious alcoholized wine cannot be substituted for pure alcohol, because it would communicate to them certain elements which are inadmissible in the composition thereof, without altering to a considerable extent both their nature and value. When alcohol has once been mixed with wine, it can never be extracted except by distillation. Alcoholized wine is simply a raw material for making alcohol, like hundreds of others, of which the poorer classes make use with their food, without paying the corresponding duty on the alcohol which they contain.

According to the intention of the Legislator, the more favourable duty of 1*s.* ought to be levied upon all natural wines or those containing the amount of alcohol which is absolutely requisite to guarantee their commercial value. If it cannot be denied that the Peninsula wines belong to this category, why are they excluded from the benefit which the Legislator intended to secure for them?

In order to justify this exclusion, the Fiscal Departments of Great Britain now ascribe to the law a different purpose from that which the Legislator himself expressly ascribe to it. They say, that the object of the law was to impose the 1*s.* duty solely and exclusively upon wines containing natural alcohol, or produced by the development of the saccharine matter in the fermentation of the "must," and to tax all additional alcohol. But even if this interpretation were accepted—which is in manifest contradiction with the statements made by Mr. Gladstone before Parliament—the fixing of the limit in the scale for the 1*s.* duty at 26 degrees of Sykes cannot be easily justified. In the Southern Peninsula Countries there are many wines whose natural alcoholic strength reaches 18 degrees of Gay Lussac, or 3,150 of Sykes, and these wines, although they do not contain one drop of additional alcohol, will be liable to the 2*s.* 6*d.* duty. On the other hand, if all the additional alcohol ought to be subject to an additional duty by the mere fact of its not having its origin in the same fermentation, the French wines prepared with pure alcohol, or with the more alcoholic wines of Spain and Portugal, ought also to be subject to an aditional duty, although they might not contain more than 26 degrees of Sykes.

The fiscal legislation of Great Britain provides sufficient means for the prevention of illicit distillation, and according to all appearances one would think that the British Government might adopt one uniform duty upon all wines, without endangering in the least her revenue derived from Excise. But, at all events, the objections alleged formerly against this system by the Fiscal Departments will not be available against the adoption of the Dutch or Belgian system, or against the fixing of one uniform duty at a degree which will at least include the maximum natural alcoholic strength of wines, coupled with an additional tax or rate in proportion to the additional alcohol contained therein. On the contrary, the alteration of the alcoholic scale in the sense above mentioned, would be a logical consequence of the interpretation which the Fiscal Departments wish to give to the law.

If, according to the intention of the Legislator, the minimum rate of duty ought to be

levied upon all wines which only contain natural alcohol, it is necessary that the limit for this duty should be raised to a degree which will include the maximum natural alcoholic strength of any wines whatsoever. France, although she is the first wine-growing country in the world, and although she levies a high duty on alcohol, fixed the degree for the minimum duty at 18 degrees of absolute alcohol, or 31·50 degrees of proof-spirit, which, in accordance with the opinion of the ablest chemists, is the limit of the highest alcoholic strength to which French wines can possibly attain. This system gave rise to various complaints, but, in spite of this, the French Government kept it up for a great many years, as they considered it unjust that wines which were naturally alcoholic, should remain subject to a duty upon alcohol, which is a different article. Nevertheless, the duty on alcohol was successively increased, so that it now-a-days represents about 400 per cent. of its value; the privilege which some of the Departments enjoyed of being exempted from the payment of the duty upon the alcohol which they used for preparing their wines was abolished; it was discovered that the average alcoholic strength of French wines was about 10 per cent. of absolute alcohol, and that the maximum very seldom exceeded 14 degrees. Under these circumstances, the French Government could not but lower the limit for the minimum duty, in order to put an end to an inequality which was intolerable in the legal conditions of competition, not only between French and foreign wines, but also between the different French wines. But Great Britain does not produce any wine; she could not possibly apprehend any of the inconveniences which induced France to lower the limit for the uniform duty, and she possesses, in her fiscal legislation, sufficient means for the effectual repression of illicit distillation. Under these circumstances, it is not to be wondered at that the Peninsula Countries should find it difficult to understand the reasons why Great Britain keeps up a system which subjects all, or nearly all, the commercial wines of those countries to an additional duty of 150 per cent., and which is in contradiction with all the bases which are ascribed to it. If, according to this system, the minimum uniform duty ought to be imposed upon all natural wines, or upon those which only contain the additional amount of alcohol which is indispensably requisite in order to guarantee their commercial value, as Mr. Gladstone wishes, why is not this rule applied to all Peninsula wines that may come under this category?

If, as the Fiscal Departments maintain, the minimum duty ought to be levied upon all wines containing natural alcohol, and the additional duty upon those containing additional alcohol, and in just proportion to the quantity added, why is the limit for the minimum duty fixed at 26 degrees, when it has been proved, and when it can be proved again, that many Peninsular wines contain 32 degrees; and why is an additional duty of 150 per cent. imposed upon those containing the slightest fraction over and above that limit?

It is true that the greater number of the samples of Portuguese wines sent to the London Exhibition contained less than 26 degrees of proof spirit; but the wines in question were new wines, destined for local consumption, and most of them got spoilt. This fact does not therefore destroy, on the contrary, it rather confirms the assertion, that the principal commercial wines of Portugal cannot contain less than 26 degrees of proof spirit.

It was for the purpose of ascertaining these and other technical points, the discussion of which cannot be carried on in a diplomatic correspondence, that the Government of His Most Faithful Majesty desired an inquiry. To refuse the inquiry, and to give out as proved the very facts which ought to be ascertained thereby, to persist in keeping up, and without any change, a system which hinders the development of commercial relations between Great Britain and three nations, her friends and allies, adducing for the pursuance of this course certain reasons which are anything but convincing, would be a policy hardly conformable to the conciliatory and equitable spirit with which the British Government have always shown themselves to be animated in their international relations.

The Government of His Most Faithful Majesty therefore trusts that the British Government, on becoming better acquainted with the nature and object of the inquiry applied for, will not hesitate to order the same, or else, by making use of other means which they may consider to be better adapted to elucidate this matter, will come to a decision thereupon as may appear to them to be most just.

No. 54.

The Duke de Saldanha to the Earl of Derby.—(*Received January* 11.)

Portuguese Legation, January 8, 1876.

THE Duke de Saldanha presents his compliments to the Earl of Derby, and in answer to his Excellency's note of the 14th April, 1875, has the honour to invite his

Excellency's attention to the inclosed document, relating to the subject of the aforesaid note.

Inclosure in No. 54.

Memorandum dated December 23, 1875.

[See Inclosure in No. 53.]

No. 55.

Mr. Jervoise to the Earl of Derby.—(*Received January* 28.)

My Lord, *Lisbon, January* 20, 1876.

I HAVE the honour to inform your Lordship that the Bill for extending to Great Britain and other countries, where the Portuguese products receive the most-favoured-nation treatment, the Tariff (B) of Import Duties, annexed to the Treaty of July 11, 1866, between France and Portugal, which Bill was approved by the Chamber of Deputies on the 23rd of March, 1875, passed the Chamber of Peers on the 15th instant without a division.

The Report of the Committee of Peers on this Bill contains the observation that, inasmuch as the Tariff (B) has, in virtue of the Treaties which have been made, been successfully applied to different countries, Great Britain is now almost the only nation that was excluded from the commercial advantages accorded in that Tariff—a state of things which it is expedient to bring to an end.

MM. Costa Lobo and Carlos Bento da Silva declared, in the course of the short debate upon the Bill that they approved it; and that the only remark they had to make was, that it ought to have been passed long ago, because it was unjust, and also injurious to Portuguese interests that England, which offers the best market for Portuguese products, should be the nation that is least favoured by the Portuguese Tariff.

Both gentlemen also referred to the expediency of abolishing the differential duties of 30 per cent. which are still levied in the Colonies on foreign goods imported directly from foreign countries, and which is not the case with foreign goods re-exported from Portugal.

The Minister of Finance replied (in the absence of Senhor Corvo, the Minister for Foreign Affairs and also for the Colonies), to the effect that a reform of the Colonial Tariffs is a matter which is now engaging the attention of the Colonial Department.

I yesterday ascertained that the Tariff (B) Bill will be submitted to the Council of e on the 24th instant, and probably published in the course of next week; so that, l ume, it will come into operation in the Lisbon Custom-house on the 1st proximo.

I have, &c.

(Signed) H. CLARKE JERVOISE.

No. 56.

The Duc de Saldanha to the Earl of Derby.—(*Received January* 26.)

My Lord, *Portuguese Legation, January* 25, 1876.

I HAVE to inform your Excellency, that on the 15th instant, the Portuguese Chamber of Peers approved, amongst other Bills, the one applying to Great Britain, and those other countries which concede to us the treatment of the most favoured nation, the benefit of the Conventional Customs Tariff annexed to the Treaty of Commerce with France of the 11th July, 1866.

I have, &c.

(Signed) SALDANHA.

No. 57.

Mr. Jervoise to the Earl of Derby.—(Received January 31.)

My Lord, *Lisbon, January 23, 1876.*

SINCE writing my despatch of the 20th instant, I have received from Senhor Corvo the note of which I have the honour to transmit herewith a translation, announcing that the Chamber of Peers had passed the Bill for extending to Great Britain the benefits of Tariff (B) annexed to the Franco-Portuguese Treaty of 11th July, 1866, and that the law sanctioning its application will be promulgated as soon as the necessary preliminaries are completed.

Senhor Corvo requests that this information may be communicated to Her Majesty's Government, accompanied by the assurance that the Portuguese Government are animated by an earnest desire to promote the improvement of the commercial relations between the two countries.

I have also the honour to inclose, for your Lordship's information, a copy of the note which I have addressed to Senhor Corvo in acknowledgment of the receipt of his communication.

I have, &c.
(Signed) H. CLARKE JERVOISE.

Inclosure 1 in No. 57.

Senhor Corvo to Mr. Jervoise.

(Translation.)

Sir, *Foreign Department, Lisbon, January 20, 1876.*

I HAVE the pleasure to inform you that in the sitting of the Chamber of Peers held on the 13th instant,* the Project of Law authorizing the Government to extend to Great Britain the benefits of the Tariff (B) annexed to the Treaty of the 11th of July, 1866, between Portugal and France was approved.

In the beginning of next week the Council of State will meet, and the Government trusts that His Majesty the King will be pleased to accord the Royal Sanction to the Bill in question. After this the law will be published, and the Government will issue through the Finance Department the necessary Instructions in order that British products may begin to enjoy the benefits conferred thereby as soon as the law shall come into operation.

I have to request you to be good enough to acquaint your Government with the above, assuring them at the same time that His Majesty's Government will gladly avail themselves of this further opportunity to express the earnest desire which animates them of doing as much as lies in their power to improve the commercial relations between the two countries.

I avail, &c.
(Signed) JOAO DE ANDRADE CORVO.

Inclosure 2 in No. 57.

Mr. Jervoise to Senhor Corvo.

M. le Ministre, *Lisbon, January 23, 1876.*

I HAVE the honour to acknowledge the receipt last evening of your Excellency's note of the 20th instant, and I beg to state, in reply, that I have lost no time in communicating to Her Majesty's Government the gratifying intelligence that the Chamber of Peers had passed the Bill for the extension to Great Britain of the benefits of Tariff (B) annexed to the Treaty between France and Portugal of July 11, 1866, adding that the law sanctioning its application will be promulgated as soon as the necessary preliminaries shall have been completed.

This information, accompanied, as it is, by the expression of the desire on the part of the Government of His Most Faithful Majesty to promote the improvement of its commercial relations with Great Britain, will, I am convinced, be received with very

* This is a mistake; it ought to be 15th.

sincere satisfaction by Her Majesty's Government as tending to cement still closer the bonds of friendship which already unite the two countries.

I avail, &c.
(Signed) H. CLARKE JERVOISE.

No. 58.

The Earl of Derby to Mr. Jervoise.

Sir, *Foreign Office, February* 3, 1876.

I HAVE to express to you my approval of the note addressed by you to Senhor Corvo, a copy of which is inclosed in your despatch of the 23rd ultimo, in answer to his Excellency's announcement to you of the Chamber of Peers having passed the Bill extending to Great Britain the benefits of Tariff (B), annexed to the Franco-Portuguese Treaty of July 11, 1866.

I am, &c.
(Signed) DERBY.

No. 59.

The Earl of Derby to the Duc de Saldanha.

M. le Ministre, *Foreign Office, February* 3, 1876.

I HAVE the honour to acknowledge the receipt of your note dated the 25th ultimo, announcing that the Portuguese House of Peers has approved the Bill extending to Great Britain and to certain other countries the benefit of the Conventional Customs Tariff annexed to the Treaty of Commerce with France of the 11th July, 1866, and in returning to you the thanks of Her Majesty's Government for this communication I beg to express to you the satisfaction with which they perceive in the above measure a renewed testimony of the goodwill entertained towards this country by the Government of Portugal.

I have, &c.
(Signed) DERBY.

No. 60.

Mr. Jervoise to the Earl of Derby. —(*Received February* 12.)

My Lord, *Lisbon, February* 5, 1876.

WITH reference to my despatch of the 23rd ultimo, and to previous correspondence, I have the honour to transmit herewith to your Lordship printed copies taken from the "Diario" of this day, together with a translation of the Law of 26th of January last, authorising the Government to extend to Great Britain and to all other countries where the Portuguese products receive the most-favoured-nation treatment, the advantages contained in Tariff (B) annexed to the Franco-Portuguese Treaty of 11th July, 1866.

As a sequel to this Law your Lordship will also find in the above-mentioned inclosures a Royal Decree, signed 3rd February, but erroneously printed the 3rd of January, directing the application of that law solely in favour of British products imported into this country.

I understand the purport of this Decree to be that the law shall come into immediate operation as far as Great Britain is concerned, but that the other countries which will eventually be admitted to similar advantages must first substantiate their right to such advantages by proof that differential duties are not exacted by them upon Portuguese products.

I have, &c.
(Signed) H. CLARKE JERVOISE.

Inclosure in No. 60.

Extract from the "Diario do Governo" of February 5, 1876.

LAW.

(Translation.)

DOM LEWIS, by the grace of God King of Portugal and of the Algarves, &c.

We make known to all our subjects that the General Cortes have decreed, and that We sanction the following Law:—

Article 1. The Government is hereby empowered to extend to Great Britain, and to all other countries where Portuguese products enjoy the most-favoured-nation treatment, the advantages contained in Tariff (B),* annexed to the Treaty of 11th July, 1866, between Portugal and France.

Art. 2. All legislation to the contrary is hereby revoked.

We command, therefore, &c.

The Ministers and Secretaries of State for Foreign Affairs and for Finance shall cause the same to be printed, published, and circulated.

Given at the Palace of the Ajuda, 26th of January, 1876.

(Signed) THE KING.

(Countersigned) JOAO DE ANDRADE CORVO.
ANTONIO DE SERPA PIMENTEL.

Royal Decree.

Availing myself of the authority accorded in virtue of the Law of January 26th last, I am pleased to decree that the advantages contained in Tariff B, annexed to the Treaty of 11th July, 1866, between Portugal and France, shall be extended to the products rom Great Britain cleared inwards, at the expiration of the legal terms when the said Law shall commence to come into operation.

The Ministers and Secretaries of State for Foreign Affairs and for Finance shall accordingly cause the same to be carried into effect.

At the Palace of the Ajuda, February 3, 1876.†

(Signed) THE KING.

(Countersigned) JOAO DE ANDRADE CORVO.
ANTONIO DE SERPA PIMENTEL.

No. 61.

The Earl of Derby to Mr. Jervoise.

Sir, *Foreign Office, February 15, 1876.*

I HAVE to acknowledge the receipt of your despatch of the 5th instant, and in reply I have to instruct you to inform the Portuguese Minister for Foreign Affairs that Her Majesty's Government have learnt with much satisfaction, from the papers which accompany that despatch, that the Portuguese Government have extended to this country the provisions of the Tariff which forms Annex (B) to the Treaty of the 11th of July, 1866, between France and Portugal.

I am, &c.
(Signed) DERBY.

No. 62.

Mr. Harding to the Earl of Derby.—(Received February 24.)

Birmingham Chamber of Commerce, Offices, Exchange Buildings,
My Lord, *New Street, February 22, 1876.*

I BEG respectfully to inquire from your Lordship as to a change which is said to have been made recently in the Tariff between this country and Portugal, to the advantage of British traders, who in order to compete with French industry had to ship or export their goods through that country.

* See Appendix. † In the text, January 3, 1876.

I am to add that the matter is of considerable moment to several houses here, and that a prompt reply would be of great value.

I am, &c.
(Signed) H. J. HARDING, *Secretary.*

No. 63.

Mr. Lister to Mr. Harding.

Sir, *Foreign Office, February* 28, 1876.

I AM directed by the Earl of Derby to acknowledge the receipt of your letter of the 22nd instant, and to state to you in reply, for the information of the Birmingham Chamber of Commerce, that, by a Law passed by the Portuguese Cortes on the 26th of last month, and a Royal Decree of the 3rd instant, the Tariff of import duties annexed to the Treaty of Commerce of the 11th of July, 1866, between Portugal and France, has been made applicable to British products imported into Portugal from this country.

I am, &c.
(Signed) T. V. LISTER.

No. 64.

Mr. Watson to the Earl of Derby.—(Received March 18.)

(Extract.) *Lisbon, March* 11, 1876.

A NOTICE, of which I have the honour to forward herewith a copy and translation, taken from the Official Journal, has been issued by the Custom-house of Lisbon on the 8th instant, ordering that, on and after the 15th of next April, certain documents in proof of origin must be exhibited to the Custom-house in order to effect the clearance of merchandize from Great Britain, to which the Tariff (B) of the Treaty of Commerce and Navigation between France and Portugal of the 11th of July, 1866, is applicable.

Should these documents not be produced, such merchandize will not enjoy the advantages accorded by the Law of the 26th of January last, and the Royal Decree of the 3rd of February, which, as your Lordship is aware, extended to Great Britain the privileges contained in Tariff (B) annexed to the Treaty of 11th July, 1866.

Article XI of this Treaty is worded as follows:—

"Les droits *ad valorem* stipulés par le présent Traité seront calculés sur la valeur au lieu d'origine ou de fabrication de l'objet importé, augmentée des frais de transport, d'assurance et de commission nécessaires pour l'importation dans l'un des deux Etats jusqu'au lieu d'introduction, et des droits de sortie, s'il y a lieu.

"L'importation devra, indépendamment du certificat d'origine,* joindre à la déclaration écrite, constatant la valeur de la marchandise importée, une facture indiquant le prix réel et émanant du fabricant ou du vendeur.

"Cette facture sera visée par un Consul ou Agent Consulaire de la Puissance dans le territoire de laquelle l'importation doit être faite."

Inclosure in No. 64.

Extract from the "Diario do Governo" of March 9, 1876.

Custom-House of Lisbon.

(Translation.)

FOR the information of merchants, &c., it is hereby declared that, in virtue of the decision given by the proper superior authority, as communicated to this Custom-house in a despatch from the Office of the General Director of Customs, dated the 4th instant, on and after the 15th of the month of April next, for the clearance of merchandize from Great Britain—to which, in virtue of the Decree of the 3rd of February, and of the Law of January 26th last, the Table (B) in the Treaty with France is applicable—the necessary documents must be exhibited to the Custom-house, without which they shall not enjoy the advantages accorded thereby.

Given at the Custom-house of Lisbon, March 8, 1876.

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* Vide Article X of said Treaty.

No. 65.

The Earl of Derby to the Duc de Saldanha.

M. le Ministre, *Foreign Office, May* 31, 1876.

HER Majesty's Government have not failed to give full consideration to the Memorandum dated the 23rd of December, 1875, which accompanied your note of the 8th of January last, relative to the wine duties in this country, and I have now the honour to offer the following observations on the several points adverted to in that communication.

With regard to the statement that 26 degrees Sykes does not constitute a limit between natural and artificial alcoholic strength, it is to be observed that the present rates of duty upon wine generally have been fixed with reference to the most satisfactory information that Her Majesty's Government have been able to obtain respecting the strength of natural wine without the admixture of spirit, and to the duty chargeable upon spirit imported into, or the produce of, this country. The most trustworthy evidence which Her Majesty's Government could procure was obtained in 1860-61, when British agents visited every wine-producing country in Europe, and forwarded under seal samples of natural wines to this country, where their strength was tested. The results thus obtained showed that a strength of 26 degrees of proof spirit fairly represents the natural strength of the immense majority of natural wines, and subsequent experiments have all tended to prove the correctness of that conclusion.

Accordingly, when the wine duties in this country were fixed in 1860 and 1862, the principle was adopted that natural wine, by which is meant wine produced simply by fermentation of the juice of the grape, should be admitted at a very low duty, and that when any quantity of extraneous or distilled spirit is added to natural wine, duty should be charged for such spirit in addition to the duty for the wine. This principle was adopted after very mature consideration and inquiry, and was applied to guard against the obvious injury and injustice to the British distiller, which would arise from a permission granted to the foreign distiller to introduce any proportion of distilled spirit, under the name of wine, at the wine duty. When the British distiller supplying the same article in his own country under its real name, or proportionately in the manufacture of British wines and cordials, has to pay a duty of 10*s.* per gallon, increase in the strength of wines subjected to the lower rate of duty could not fail to confuse the principle upon which the spirit duties are levied, and might even prove to be prejudicial to the revenue.

I have to observe, in the next place, that if the tenour of the speech delivered by Mr. Gladstone on the 3rd of April, 1862, referred to in the Memorandum, is considered, it clearly shows that, with the interpretation of the term "natural wine" then given, 26 degrees proof spirit was the proper limit to be fixed.

It has never been contended that no natural wine could be produced exceeding that limit, but only that the great bulk of all the natural wines in the world is considerably under it, and that this limit includes all the natural wines which are the produce of ordinary commercial manufacture for ordinary consumption, whilst it must be borne in mind that below this limit much of the wine imported into this country has already been considerably fortified with distilled spirit, without bringing it above the 1*s.* rate of duty.

With regard to the statement that the present system of wine duties in the United Kingdom includes nearly all the French wines in the class which pays the 1*s.* rate of duty, and brings nearly all the commercial wines which have hitherto been exported from Portugal, Spain, and Italy, under the higher duty attaching to the second class in the scale of wine duties, it is to be remarked that this scale was formed for all wine-producing countries, although all countries may not be able, from the different manner in which they prepare their wines for the British market, to introduce wine at the same strength and at the same rate of duty. On this point I may observe that it is, apparently, no longer urged that the addition of distilled spirit is necessary for the preservation of natural wines of good quality during sea-voyages. The successful importation of wines without any such addition from the most distant British Colonies, and also from Portugal and the other southern countries of Europe, in many instances, can no longer be disputed. I would further beg leave to remark, on this point, that wine considered as an alcoholic drink competing with distilled spirit, whether British or foreign, is already, under the existing scale of wine and spirit duties in the United Kingdom, treated much more favourably than the latter. The Table which I have the honour to inclose shows that for equal alcoholic strength distilled spirits and their compounds have a tax imposed on their consumption far exceeding the amount of that imposed upon wines, whether natural or fortified.

I have further to observe that the wine duty in the United Kingdom is not an impost

which can be treated without reference to its connection with other branches of the revenue.

This duty is immediately connected with the spirit duty, which is an Excise tax as well as a Customs duty; and it is to be remembered that the present simplification of the Customs Tariff of the United Kingdom has resulted from the fiscal system adopted when the present wine and spirit duties were fixed, and that these duties form one of the most important parts of that system. I beg leave to inclose for your information a Table showing their amounts in the year ended March 31, 1875.

It follows from the explanation which I have now had the honour to supply you, that arguments which are founded upon the fiscal systems of other countries, and which may be very pertinent in regard to those systems, are not applicable to the state of things that exists under the present fiscal system of the United Kingdom. It is accordingly unnecessary for me to enter upon that part of the memorandum which relates to this subject.

Her Majesty's Government trust that the Portuguese Government will recognize that the wine and the spirit duties in the United Kingdom are maintained for fiscal purposes only, and that, inasmuch as the alterations in these duties which have been asked for by the Portuguese and other Governments could not be made without seriously disturbing the revenue system, the Portuguese Government will accept the preceding statement as a satisfactory explanation of the reasons which preclude compliance with the wishes expressed in the Memorandum.

I am, &c.
(Signed) DERBY.

Inclosure in No. 65.

(A.)—TABLE showing the Amount of Duty paid by the consumer of 1 gallon of wine, compared with the duty paid on 1 gallon of British and of foreign spirits, and their various compounds, the strength being equal in each case.

Degrees of Spirit.	Amount of Duty paid on a Gallon—		
	Of Wine.	Of Spirit, British.	Of Spirit, Foreign.
	s. d.	*s. d.*	*s. d.*
Between 25 and 26	1 0	2 6	2 $7\frac{1}{2}$
„ 34 and 35	2 6	3 $4\frac{8}{10}$	3 $6\frac{1}{2}$
„ 41 and 42	2 6	4 $1\frac{3}{10}$	4 $3\frac{1}{4}$
„ 51 and 52	5 0	5 $1\frac{3}{10}$	5 $3\frac{3}{4}$

(B.)—RETURN of the Amount yielded by Duties on Wines and Spirits in the United Kingdom for the year ending the 31st March, 1875.

	£
Excise duty on spirits	15,321,119
Customs duty on spirits	5,723,806*
„ „ wine	1,721,565
Total	22,766,490

(Parliamentary Return, June 30, 1875.)

No. 66.

The Earl of Derby to Mr. Jervoise.

Sir, *Foreign Office, June* 1, 1876.

WITH reference to previous correspondence on the subject of the Customs duties on wine in this country, I transmit to you a copy of a note which I have addressed to the Portuguese Minister at this Court relating the reasons which prevent Her Majesty's Government from making any change in the present system.†

I am, &c.
(For the Earl of Derby)
(Signed) T. V. LISTER.

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* The Customs duty on spirits, as finally adjusted, amounted to 5,722,286*l.*, making the total 22,764,970*l.*

† No. 65.

Appendix.

(A.)

Tarif (B).—Droits à l'Entrée en Portugal.

(Annexed to Treaty between France and Portugal of July 11, 1866.)

Dénomination des Articles.	Unités.	Droits.
		Reis.
Classe I.		
Chevaux, juments et poulains	Par tête.	2,300
Mulets et mules	,,	1,100
Classe II.		
Ouvrages de maroquinerie et autres ouvrages de peau non dénommés, y compris les ferrures et les appliques (la sellerie étant exceptée)	A la valeur.	15 pour cent.
Classe IV.		
Laine en masse, teinte	,,	1 ,,
Tulles et dentelles de laine ou de poil d'une ou de plusieurs couleurs	Le kilog.	1,000
Mérinos d'une seule couleur	,,	1,000
Mérinos de plusieurs couleurs	,,	1,300
Châles de mérinos d'une ou de plusieurs couleurs	,,	3,260
Passementerie et galons de laine ou de poil pur	,,	800
Passementerie et galons de laine ou de poil avec un mélange de 10 pour cent ou moins de soie en quantité de fils	,,	800
Passementerie et galons de laine ou de poil avec mélange de lin, de chanvre, ou de coton	Le droit de la passementerie ou des galons de la matière dominant en quantité.	
Tissus de laine confectionnés	Le droit du tissu principal augmenté de 50 pour cent.	
Classe V.		
Soiés gréges et moulinées—		
Ecrues, blanchies ou azurées	Le kilog.	50
Teintes	,,	200
Soies à coudre, écrues, blanchies ou teintes	,,	1,000
Tissus de soie pure, unis	,,	6,200
Tissus de soie pure, façonnés ou brochés	,,	6,200
Rubans de soie pure ou mélangée (poids du ruban nu)	,,	6,200
Velours de soie pure ou mélangée	,,	6,200
Peluche de soie pure ou mélangée	,,	3,000
TISSUS DE SOIE MELANGEE.		
Soies avec fils de laine, de poil et autres, mais les fils de laine ou de poil dominant en quantité les autres fils (de lin, de coton, &c.) :—		
Quand, dans le nombre total des fils du tissu, en chaîne et en trame, le nombre des fils de soie :—		
Sera de plus de 50 pour cent	,,	6,200
Sera de 50 pour cent	,,	5,000
Sera de plus de 10 pour cent et de moins de 50 pour cent :—		
Châles	,,	3,500
Tissus autres que les châles	,,	2,100
Sera de 10 pour cent et au-dessous	Le droit du tissu de laine ou de poil pur similaire.	
Soie avec fils de lin, de chanvre, de coton et autres, mais les fils de lin, de chanvre ou de coton dominant en quantité les autres fils (de laine ou de poil)—		
Quand, dans le nombre total des fils du tissu, en chaîne et en trame, le nombre des fils de soie—		
Sera de plus de 50 pour cent	Le kilog.	6,200
Sera de 50 pour cent	,,	4,000
Sera de plus de 10 pour cent et de moins de 50 pour cent	,,	1,800
Sera de 10 pour cent et au-dessous	Le droit du tissu de lin ou de coton pur similaire.	

Dénomination des Articles.	Unités.	Droits.
		Reis.
Passementerie et galons de soie pure	Le kilog.	3,000
Passementerie et galons de soie mélangée, quand il y a plus de 10 pour cent de soie en quantité de fils	„	3,000
Passementerie et galons de soie mélangée, quand la soie ne représente en quantité de fils que 10 pour cent ou moins de la quantité totale	Le droit de la passementerie ou des galons de la matière dominant en quantité.	
Tissus de soie confectionnés	Le droit du tissu principal augmenté de 50 pour cent.	
Classe VI.		
Passementerie et galons de coton, avec mélange de 10 pour cent de soie ou moins en quantité de fils	Le droit de la passementerie ou des galons de coton pur.	
Tissus de coton confectionnés	Le droit du tissu principal augmenté de 50 pour cent.	
Classe VII.		
Fils de lin ou de chanvre—		
Simples, écrus ou blanchis	Le kilog.	150
Simples, teints	„	200
Retors, écrus, blanchis ou teints	„	300
Fils de jute ou d'autres filaments végétaux non dénommés, écrus, blanchis ou teints	A la valeur.	5 pour cent.
Toiles à voiles de toute espèce, écrues ou blanchies	Le kilog.	150
Passementerie et galons de lin ou de chanvre, avec mélange de 10 pour cent de soie ou moins en quantité de fils	Le droit de la passementerie de lin ou de chanvre pur.	
Tissus de lin ou de chanvre confectionnés	Le droit du tissu principal augmenté de 50 pour cent.	
Classe VIII.		
Cadres baguettes et moulures de cadre, de bois ou de pâte de toute espèce	A la valeur.	20 pour cent.
Meubles de bois garnis ou non	„	25 „
Ouvrages de bois non dénommés	„	25 „
Classe XII.		
Ouvrages de fonte de fer non dénommés, tels que tuyaux, poutrelles, colonnes, candélabres, balcons, vases, statues, fontaines, ornements, objets d'ameublement ou de chauffrage, ustensiles de ménage ou de cuisine, &c.—		
Bruts	Le kilog.	40
Vernis, peints, revêtus de zinc ou de cuivre, étamés ou émaillés	„	80
Bruts, vernis, peints ou revêtus de zinc, d'étain ou de cuivre, quand chaque pièce pèse plus de 100 kilog.	„	10
Ouvrages de fer forgé ou laminé, non dénommés, tels que ouvrages de serrurerie, de ferronnerie, de tôlerie, &c.—		
Bruts	„	100
Polis, vernis, peints, étamés ou émaillés, y compris les ornements	„	160
Ouvrages de cuivre pur ou allié de toute sorte, tels que bronzes, objets d'ameublement, d'éclairage ou de chauffage, ouvrages de chaudronnerie, clous, boutons unis, façonnés ou émaillés, ustensiles de ménage, de cuisine et autres, &c.	„	200
Bijouterie de métal autre que la bijouterie d'or ou d'argent	A la valeur.	15 pour cent.
Plaqués d'or ou d'argent, bronzes et autres ouvrages de métal dorés ou argentés par toute espèce de procédés	„	250
Outils, instruments et ustensiles pour les arts et métiers, en matières autres que les terres cuites ou le verre, tels que limes, scies, outils de toute sorte, d'acier, de fer, de cuivre, de bois, pour charpentiers, menuisiers, mécaniciens, serruriers, tisserands, &c.	Le kilog.	25
Outils, instruments et ustensiles d'agriculture ou de jardinage	Le droit des machines agricoles au tarif général.	
Classe XIV.		
Vin	Le décalitre.	500
Vinaigre	„	200
Classe XV.		
Outils, instruments et ustensiles pour les arts et métiers, en poterie de grès ou autre, en porcelaine ou en verre	Le kilog.	1

Dénomination des Articles.	Unités.	Droits.
		Reis.
CLASSE XVIII.		
Parfumerie préparée de toute espèce	A la valeur.	10 pour cent.
CLASSE XIX.		
Voitures pour le transport des personnes	„	25 „
Coiffures de femmes	„	20 „
Chapeaux de femmes, garnis ou non	„	20 „
Chaussures de toute espèce, même non finies	Par paire.	400
Brosses avec montures de bois de toute sorte	Le kilog.	500
Brosses non dénommées	„	800
Nécessaires de toilette, de voyage ou de bureau, garnis	A la valeur.	15 pour cent.
Parapluies et parasols	„	20 „
OBJETS DIVERS ET ARTICLES DE QUINCAILLERIE.		
Epingles et agrafes :—		
Marteaux et poignées de porte, verrous, loquets, poignées et boutons de sonnettes, sonnettes, fers à repasser, boussoles de poche, lorgnettes de ville ou de théâtre, lunettes et pince-nez, poignées de canne en métal (excepté celles d'or ou d'argent), bouts de canne ou de parapluie en métal, dés à coudre de métal, &c.	„	15 „
Tabletterie de bois, boîtes, coffrets et écrins de bois, poignées et bouts de canne ou de parapluie en bois, cuillers, fourchettes, couteaux, huiliers, robinets et bouchons de bois, manches de bois, soufflets, &c.		
Objets pour le bureau, le dessin et la peinture, tels que encriers, règles, crayons, pinceaux de toute sorte, plumes, cachets gravés ou non, couteaux à papier, porte-crayon, porte-plumes, &c.		
Cartonnages tels que boîtes de carton, avec ou sans ornements, &c. ..		
Objets de peau, tels que porte-feuilles, porte-cigares, porte-monnaie, carnets, étuis, sacs, nécessaires et trousses, bourses, &c., garnis, ou non..		
Plumeaux		
Jeux de toute espèce, jouets d'enfants, poupées, habillées ou non, trousseaux de poupée, masques, cartes à jouer, queues de billard, dés à jour et cornets de dés, &c.		
Pipes, embouchures de cigare et tabatières		
Peignes et chapelets de toute espèce		
Parfumoirs, plateaux de service, cages de toute sorte, fils de boyau ..		
Fleurs et feuillages artificiels, pièces séparées pour fleurs artificielles ..	„	20 „

NOTA A.—Les velours, les peluches et les rubans de soie mélangée, dans lesquels il y aura plus de 10 pour cent de soie en quantité de fils, payeront les droits énoncés au présent Tarif, comme s'ils étaient de soie pure; mais s'il a 10 pour cent de soie ou moins en quantité, ils payeront les droits des velours, des peluches ou des rubans de la matière dominant en quantité.

NOTA B.—Le mot "quantité" employé dans la nomenclature des tissus mélangés désigne, dans tous les cas, le nombre de fils.

(L.S.) P. BOUREE.
(L.S.) JOSE MARIA DO CASAL RIBEIRO.

II. Notre Ministre et Secrétaire d'Etat au Département des Affaires Etrangères est chargé de l'exécution du présent Décret.

(Signé) NAPOLEON.

Par l'Empereur :
(Signé) MOUSTIER, *le Ministre des Affaires Etrangères.*

(B.)*

(I.)—TABLE showing the Quantities of Port Wine Imported, entered for Home Consumption, and in Bond, in Great Britain, during the ten Years 1865-74.

	Importation.	Consumption.	In Bond.
	Gallons.	Gallons.	Gallons.
1874	3,742,706	3,626,683	4,373,018
1873	4,097,733	3,474,369	4,603,925
1872	4,037,097	3,298,015	4,428,020
1871	3,642,687	3,195,423	4,153,377
1870	3,457,657	2,974,401	4,149,001
1869	3,008,023	2,599,250	3,863,787
1868	2,797,562	2,605,214	3,891,049
1867	2,466,217	2,640,192	4,094,202
1866	3,123,843	2,788,623	4,459,762
1865	3,299,029	2,659,817	4,340,710

(II.)—TABLE showing the Increase in the Consumption of Port Wine in Great Britain during the ten Years 1865-74.

	Gallons.		Gallons.
1874	3,626,683	1869	2,599,250
1873	3,474,369	1868	2,605,214
1872	3,298,015	1867	2,640,192
1871	3,195,423	1866	2,788,623
1870	2,974,401	1865	2,659,819

(III.)—RETURN of the Quantity of Wine Exported from Oporto to Great Britain from the Year 1801 to 1874.

	Pipes.		Pipes.
1801	66,629	1838	37,975
1802	38,632	1839	33,205
1803	54,350	1840	33,190
1804	29,851	1841	26,355
1805	36,320	1842	27,431
1806	39,984	1843	26,521
1807	42,201	1844	33,946
1808	36,916	1845	31,623
1809	43,951	1846	29,482
1810	42,115	1847	31,516
1811	21,208	1848	33,474
1812	23,801	1849	43,043
1813	22,195	1850	38,487
1814	22,507	1851	32,947
1815	33,075	1852	31,664
1816	17,872	1853	55,611
1817	27,119	1854	35,304
1818	32,843	1855	34,386
1819	19,562	1856	41,621
1820	24,009	1857	28,736
1821	24,645	1858	16,690
1822	27,758	1859	19,547
1823	23,578	1860	27,860
1824	26,722	1861	26,920
1825	40,524	1862	29,710
1826	18,803	1863	34,905
1827	24,549	1864	35,619
1828	28,070	1865	40,507
1829	17,981	1866	34,686
1830	19,464	1867	35,725
1831	20,268	1868	40,833
1832	13,871	1869	42,696
1833	20,499	1870	43,471
1834	31,189	1871	43,471
1835	38,468	1872	50,182
1836	33,825	1873	46,949
1837	25,782	1874	56,531

* Taken from the Report of the Portuguese Consul-General in London, dated February 15, 1875. "Relatorios dos Consules de Portugal ácerca do Commercio em geral, colligidos e publicados por ordem do Ministerio dos Negocios Estrangeiros. Lisboa, 1875." Pages 438–9.